CRESCENT REAL ESTATE EQUITIES CO
Form 10-Q/A
October 22, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED MARCH 31, 2002
COMMISSION FILE NO. 1-13038

CRESCENT REAL ESTATE EQUITIES COMPANY
(Exact name of registrant as specified in its charter)

TEXAS	52-1862813
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identific

777 Main Street, Suite 2100, Fort Worth, Texas 76102
(Address of principal executive offices)(Zip code)

Registrant's telephone number, including area code (817) 321-2100

Number of shares outstanding of each of the registrant's classes of preferred and common shares, as of May 7, 2002.

Preferred Shares, par value $.01 per share:	10,800,000
Common Shares, par value $.01 per share:	105,217,192

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such report) and (2) has been subject to such filing requirements for the past ninety (90) days.

YES X NO

The Form 10-Q of Crescent Real Estate Equities Company (the "Company") for the quarter ended March 31, 2002 is being amended to (i) amend Item 1. Financial Statements in order to (A) make certain revisions to the Notes to the Financial Statements in response to a comment letter received from the Securities and Exchange Commission ("SEC"), (B) include an additional impairment charge related to the goodwill for one of the Company's Residential Development Corporations in accordance with Financial Accounting Standards Board SFAS No. 142, "Goodwill and Other Intangible Assets" (effective January 1, 2002), and (C) reclassify certain amounts in the financial statements as a result of the adoption by the Company of SFAS No 144, "Accounting for Impairment or Disposal of Long-Lived Assets" on January 1, 2002 and (ii) amend Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in order to (A) make certain revisions in response to a comment letter received from the SEC, and (B) conform to financial statement changes in Item 1. Financial Statements. All information is as of May 10, 2002, the original date of filing of the Form 10-Q, unless otherwise indicated. All amended items are presented in their entirety.

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CRESCENT REAL ESTATE EQUITIES COMPANY
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	MARCH 31, 2002 (UNAUDITED)
ASSETS:	
Investments in real estate:	
Land	$ 311,734
Land held for investment or development	505,876
Building and improvements	3,033,573
Furniture, fixtures and equipment	104,600
Properties held for disposition, net	56,623
Less - accumulated depreciation	(689,762)
Net investment in real estate	$ 3,322,644
Cash and cash equivalents	$ 66,890
Restricted cash and cash equivalents	82,252
Accounts receivable, net	52,793
Deferred rent receivable	65,839
Investments in real estate mortgages and equity of unconsolidated companies	526,918
Notes receivable, net	103,670
Income tax asset-current and deferred, net	28,657
Other assets, net	199,245
Total assets	$ 4,448,908
LIABILITIES:	
Borrowings under Credit Facility	$ 334,500
Notes payable	2,045,883
Accounts payable, accrued expenses and other liabilities	333,173
Total liabilities	$ 2,713,556
COMMITMENTS AND CONTINGENCIES:	
MINORITY INTERESTS:	
Operating partnership, 6,591,837 and 6,594,521 units, respectively	$ 66,960

Consolidated real estate partnerships	284,152
Total minority interests	$ 351,112
SHAREHOLDERS' EQUITY:	
Preferred shares, $.01 par value, authorized 100,000,000 shares:	
6 3/4% Series A Convertible Cumulative Preferred Shares, liquidation preference $25.00 per share, 8,000,000 shares issued and outstanding at March 31, 2002 and December 31, 2001	$ 200,000
Common shares, $.01 par value, authorized 250,000,000 shares, 123,959,962, and 123,396,017 shares issued and outstanding at March 31, 2002 and December 31, 2001, respectively	1,233
Additional paid-in capital	2,240,107
Deferred compensation on restricted shares	(5,253)
Accumulated deficit	(667,185)
Accumulated other comprehensive income	(24,922)
	$ 1,743,980
Less - shares held in treasury, at cost, 18,770,953 and 18,770,418 common shares at March 31, 2002 and December 31, 2001, respectively	(359,740)
Total shareholders' equity	$ 1,384,240
Total liabilities and shareholders' equity	$ 4,448,908

The accompanying notes are an integral part of these financial statements.

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CRESCENT REAL ESTATE EQUITIES COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR TH END
	2002
	(U
REVENUE:	
Office property	$ 143,01
Resort/Hotel property	38,52
Residential Development property	48,06
Interest and other income	2,22
Total revenue	$ 231,83

EXPENSE:		
Office property real estate taxes	$	21,12
Office property operating expenses		44,33
Resort/Hotel property expense		23,89
Residential Development property expense		42,21
Corporate general and administrative		6,39
Interest expense		42,27
Amortization of deferred financing costs		2,32
Depreciation and amortization		33,54
Impairment and other charges related to real estate assets		-
Total expense	$	216,10
Operating income	$	15,73
OTHER INCOME AND EXPENSE:		
Equity in net income (loss) of unconsolidated companies:		
Office properties	$	1,31
Residential development properties		12,48
Temperature-controlled logistics properties		(31
Other		(4,06
Total equity in net income of unconsolidated companies	$	9,42
Gain on property sales, net		-
Total other income and expense	$	9,42
INCOME BEFORE INCOME TAXES, MINORITY INTERESTS, DISCONTINUED OPERATIONS AND CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	$	25,15
Minority interests		(8,04
Income tax benefit		4,28
INCOME BEFORE DISCONTINUED OPERATIONS AND CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	$	21,39
Discontinued operations - income and gain on assets sold and held for sale		3,03
Cumulative effect of a change in accounting principle		(10,46
NET INCOME	$	13,96
6 3/4% Series A Preferred Share distributions		(3,37
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	$	10,58
BASIC EARNINGS (LOSS) PER SHARE DATA:		
Income from continuing operations	$	0.1

Discontinued operations - income and gain on assets sold and held for sale	0.0
Cumulative effect of a change in accounting principle	(0.1
Net income - basic	$ 0.1
DILUTED EARNINGS (LOSS) PER SHARE DATA:	
Income from continuing operations	$ 0.1
Discontinued operations - income and gain on assets sold and held for sale	0.0
Cumulative effect of a change in accounting principle	(0.1
Net income - diluted	$ 0.1

The accompanying notes are an integral part of these financial statements.

CRESCENT REAL ESTATE EQUITIES COMPANY
CONSOLIDATED STATEMENT
OF SHAREHOLDERS' EQUITY
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	Preferred Shares		Treasury Share	
	Shares	Net Value	Shares	Net
SHAREHOLDERS' EQUITY, December 31, 2001	8,000,000	$ 200,000	18,770,418	$ (
Issuance of Common Shares	--	--	--	
Exercise of Common Share Options	--	--	--	
Deferred compensation	--	--	--	
Issuance of Shares in Exchange for Operating Partnership Units	--	--	--	
Share Repurchases	--	--	535	
Dividends Paid	--	--	--	
Net Income	--	--	--	

Unrealized Loss on Marketable Securities	--	--	--	
Unrealized Net Gain on Cash Flow Hedges	--	--	--	
SHAREHOLDERS' EQUITY, March 31, 2002	8,000,000	$ 200,000	18,770,953	$ (

	Common Shares		Additional Paid-in Capital	D Com on R
	Shares	Par Value		
SHAREHOLDERS' EQUITY, December 31, 2001	123,396,017	$ 1,227	$ 2,234,360	$
Issuance of Common Shares	1,977	--	37	
Exercise of Common Share Options	256,600	3	452	
Deferred compensation	300,000	3	5,250	
Issuance of Shares in Exchange for Operating Partnership Units	5,368	--	8	
Share Repurchases	--	--	--	
Dividends Paid	--	--	--	
Net Income	--	--	--	
Unrealized Loss on Marketable Securities	--	--	--	
Unrealized Net Gain on Cash Flow Hedges	--	--	--	
SHAREHOLDERS' EQUITY, March 31, 2002	123,959,962	$ 1,233	$ 2,240,107	$

Accumulated

	Accumulated Deficit	Other Comprehensive Income	Total
SHAREHOLDERS' EQUITY, December 31, 2001	$ (638,435)	$ (31,484)	$ 1,405,940
Issuance of Common Shares	--	--	37
Exercise of Common Share Options	--	--	455
Deferred compensation	--	--	--
Issuance of Shares in Exchange for Operating Partnership Units	--	--	8
Share Repurchases	--	--	(12)
Dividends Paid	(39,336)	--	(39,336)
Net Income	10,586	--	10,586
Unrealized Loss on Marketable Securities	--	(631)	(631)
Unrealized Net Gain on Cash Flow Hedges	--	7,193	7,193
SHAREHOLDERS' EQUITY, March 31, 2002	$ (667,185)	$ (24,922)	$ 1,384,240

The accompanying notes are an integral part of these financial statements.

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CRESCENT REAL ESTATE EQUITIES COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	FOR THE THREE ENDED MARC
	2002

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 13,961
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	35,869
Recognition of capitalized residential development costs	12,946
Impairment and other charges related to real estate assets	--
Gain on property sales, net	(3,644)
Minority interests	8,043
Discontinued Operations	273
Cumulative effect of a change in accounting principle	10,465
Non-cash compensation	37
Distributions received in excess of earnings from unconsolidated companies:	
Office properties	894
Equity in (earnings) loss net of distributions received from unconsolidated companies:	
Office properties	--
Residential development properties	(5,315)
Temperature-controlled logistics	(385)
Other	4,083
Change in assets and liabilities, net of effects of COPI agreement:	
Restricted cash and cash equivalents	35,802
Accounts receivable	(801)
Deferred rent receivable	523
Income tax asset-current and deferred	(6,022)
Other assets	4,070
Accounts payable, accrued expenses and other liabilities	(82,185)
Net cash provided by operating activities	28,614
CASH FLOWS FROM INVESTING ACTIVITIES:	
Increase in cash resulting from the COPI agreement	38,226
Acquisition of rental properties	(8,410)
Proceeds from property sales	11,878
Development of investment properties	(637)
Capital expenditures - rental properties	(10,252)
Tenant improvement and leasing costs - rental properties	(8,347)
Decrease in restricted cash and cash equivalents	1,445
Return of investment in unconsolidated companies:	
Office properties	376
Residential development properties	7,173
Other	--
Investment in unconsolidated companies:	
Residential development properties	(14,203)
Temperature-controlled logistics	--
Other	--
Increase in notes receivable	(1,421)
Net cash provided by (used in) investing activities	15,828
CASH FLOWS FROM FINANCING ACTIVITIES:	
Debt financing costs	(107)
Borrowings under Credit Facility	51,500
Payments under Credit Facility	--
Notes Payable proceeds	--

Notes Payable payments	(14,368)
Capital distribution - joint venture preferred equity	(3,522)
Capital distributions - joint venture partner	(128)
Proceeds from exercise of share options	455
Treasury share repurchases	(12)
Preferred dividends	(3,375)
Dividends and unitholder distributions	(44,280)
Net cash (used in) provided by financing activities	(13,837)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,605
CASH AND CASH EQUIVALENTS, Beginning of period	36,285
CASH AND CASH EQUIVALENTS, End of period	$ 66,890

The accompanying notes are an integral part of these financial statements.

CRESCENT REAL ESTATE EQUITIES COMPANY
NOTES TO FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

1. ORGANIZATION AND BASIS OF PRESENTATION:

ORGANIZATION

Crescent Real Estate Equities Company ("Crescent Equities") operates as a real estate investment trust for federal income tax purposes (a "REIT"), and, together with its subsidiaries, provides management, leasing and development services for some of its properties.

The term "Company" includes, unless the context otherwise indicates, Crescent Equities, a Texas REIT, and all of its direct and indirect subsidiaries.

The direct and indirect subsidiaries of Crescent Equities at March 31, 2002 included:

- CRESCENT REAL ESTATE EQUITIES LIMITED PARTNERSHIP
  The "Operating Partnership."
- CRESCENT REAL ESTATE EQUITIES, LTD.
  The "General Partner" of the Operating Partnership.
- SUBSIDIARIES OF THE OPERATING PARTNERSHIP AND THE GENERAL PARTNER

Crescent Equities conducts all of its business through the Operating Partnership and its other subsidiaries. The Company is structured to facilitate and maintain the qualification of Crescent Equities as a REIT.

The following table shows the subsidiaries of the Company that owned or had an interest in the following real estate assets (the "Properties") as of March 31, 2002:

Subsidiary	Properties
Operating Partnership(1):	The Avallon IV, Bank One Center, Bank One Tower, Datran Center (two Office Properties), Four Westlake Park, Houston Center (three Office Properties), The Park Shops at Houston Center, The Woodlands Office Properties (eight Office Properties), 301 Congress Avenue, Mira Vista, The Highlands, Falcon Point, Falcon Landing, and Spring Lakes
Crescent TRS Holding Corp.:	Desert Mountain and the Woodlands
COPI Colorado, L.P.	Bear Paw Lodge, Eagle Ranch, Main Street Junction, Main Street Station, Main Street Station Vacation Club, Riverbend, Three Peaks (Eagle's Nest), Park Place at Riverfront, Park Tower at Riverfront, Promenade Lofts at Riverfront, Cresta, Snow Cloud, One Vendue Range, Old Greenwood, and Tahoe Mountain Resort
Crescent Real Estate Funding I, L.P.: ("Funding I")	The Aberdeen, The Avallon I, II & III, Carter Burgess Plaza, The Citadel, The Crescent Atrium, The Crescent Office Towers, Regency Plaza One, Waterside Commons and 125 E. John Carpenter Freeway
Crescent Real Estate Funding II, L.P.: ("Funding II")	Albuquerque Plaza, Barton Oaks Plaza One, Briargate Office and Research Center, Hyatt Regency Albuquerque, Park Hyatt Beaver Creek Resort and Spa, Las Colinas Plaza, Liberty Plaza I & II, MacArthur Center I & II, Ptarmigan Place, Stanford Corporate Centre, Two Renaissance Square and 12404 Park Central
Crescent Real Estate Funding III, IV and V, L.P.: ("Funding III, IV and V")(2)	Greenway Plaza Office Properties (ten Office Properties) and Renaissance Houston Hotel

Subsidiary	Properties
Crescent Real Estate Funding VI, L.P.: ("Funding VI")	Canyon Ranch - Lenox
Crescent Real Estate Funding VII, L.P.: ("Funding VII")	10 Behavioral Healthcare Properties
Crescent Real Estate	The Addison, Addison Tower, Austin Centre,

Funding VIII, L.P.: ("Funding VIII")	The Avallon V, Canyon Ranch - Tucson, Frost Bank Plaza, Greenway I & IA (two Office Properties), Greenway II, Omni Austin Hotel, Palisades Central I, Palisades Central II, Sonoma Mission Inn & Spa, Stemmons Place, Three Westlake Park, Trammell Crow Center, 3333 Lee Parkway, Ventana Inn & Spa, 1800 West Loop South and 5050 Quorum
Crescent Real Estate Funding IX, L.P.: ("Funding IX")(3)	Chancellor Park, Denver Marriott City Center, MCI Tower, Miami Center, Reverchon Plaza, 44 Cook Street, 55 Madison and 6225 N. 24th Street
Crescent Real Estate Funding X, L.P. ("Funding X")	Fountain Place and Post Oak Central (three Office Properties)
Crescent Spectrum Center, L.P.(4):	Spectrum Center

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(1) The Operating Partnership has a 50% interest in Bank One Center, a 20% interest in Bank One Tower and a 20% interest in Four Westlake Park. See "Note 7. Investments in Real Estate Mortgages and Equity of Unconsolidated Companies" for a description of the ownership structure of these Office Properties.

(2) Funding III owns nine of the 10 Office Properties in the Greenway Plaza Office portfolio and the Renaissance Houston Hotel; Funding IV owns the central heated and chilled water plant building located at Greenway Plaza; and Funding V owns Coastal Tower, the remaining Office Property in the Greenway Plaza Office portfolio.

(3) Funding IX holds its interests in Chancellor Park and Miami Center through its 100% membership interests in the owners of the Properties, Crescent Chancellor Park, LLC and Crescent Miami Center, LLC.

(4) Crescent Spectrum Center, L.P. holds its interest in Spectrum Center through its ownership of the underlying land and notes and a mortgage on the Property.

As of March 31, 2002, Crescent SH IX, Inc. ("SH IX"), a subsidiary of the General Partner, owned 14,468,623 common shares of beneficial interest in Crescent Equities.

See "Note 7. Investments in Real Estate Mortgages and Equity of Unconsolidated Companies" for a table that lists the Company's ownership in significant unconsolidated subsidiaries and equity investments as of March 31, 2002, including the three Office Properties and one office property under construction in which the Company owned an interest through these unconsolidated subsidiaries and equity investments and the Company's ownership interests in eight Residential Development entities, the Temperature-Controlled Logistics Segment and other investments.

See "Note 8. Notes Payable and Borrowings under Fleet Facility" for a list of certain other subsidiaries of the Company, all of which are consolidated in the Company's financial statements and were formed primarily for the purpose of obtaining secured debt or joint venture financing.

SEGMENTS

As of March 31, 2002, the Company's assets and operations were composed of four investment segments:

- Office Segment;
- Resort/Hotel Segment;
- Residential Development Segment; and
- Temperature-Controlled Logistics Segment.

Within these segments, the Company owned or had an interest in the following Properties as of March 31, 2002:

- OFFICE SEGMENT consisted of 76 office properties, which includes three retail properties (collectively referred to as the "Office Properties") located in 26 metropolitan submarkets in six states, with an aggregate of approximately 28.4 million net rentable square feet.

- RESORT/HOTEL SEGMENT consisted of five luxury and destination fitness resorts and spas with a total of 1,036 rooms/guest nights and four upscale business-class hotel properties with a total of 1,771 rooms (collectively referred to as the "Resort/Hotel Properties").

- RESIDENTIAL DEVELOPMENT SEGMENT consisted of the Company's ownership of real estate mortgages and voting and non-voting common stock representing interests of 94% to 100% in five residential development corporations (collectively referred to as the "Residential Development Corporations"), which in turn, through joint venture or partnership arrangements, owned 22 upscale residential development properties (collectively referred to as the "Residential Development Properties").

- TEMPERATURE-CONTROLLED LOGISTICS SEGMENT consisted of the Company's 40% interest in a general partnership (the "Temperature-Controlled Logistics Partnership"), which owns all of the common stock, representing substantially all of the economic interest, of AmeriCold Corporation (the "Temperature-Controlled Logistics Corporation"), a real estate investment trust ("REIT"), which, as of March 31, 2002, directly or indirectly owned 89 temperature-controlled logistics properties (collectively referred to as the "Temperature-Controlled Logistics Properties") with an aggregate of approximately 445.2 million cubic feet (17.7 million square feet) of warehouse space.

On February 14, 2002, the Company executed an agreement with Crescent Operating, Inc. ("COPI"), pursuant to which COPI transferred to the Company, in lieu of foreclosure, COPI's lessee interests in the eight Resort/Hotel Properties leased to subsidiaries of COPI and COPI's voting common stock in three of the Company's Residential Development Corporations. See "Note 17. COPI" for additional information related to the Company's agreement with COPI.

For purposes of investor communications, the Company classifies its

luxury and destination fitness resorts and spas and Residential Development Properties as a single group referred to as the "Resort and Residential Development Sector" due to their similar targeted customer characteristics. This group does not contain the four business-class hotel properties. Additionally, for investor communications, the Company classifies its Temperature-Controlled Logistics Properties and its business-class hotel properties as the "Investment Sector." However, for purposes of segment reporting as defined in Statement of Financial Accounting Standard ("SFAS") No. 131, "Disclosures About Segments of an Enterprise and Related Information" and this Quarterly Report on Form 10-Q, the Resort/Hotel Properties, including the business-class hotel properties, the Residential Development Properties and the Temperature-Controlled Logistics Properties are considered three separate reportable segments.

See "Note 6. Segment Reporting" for a table showing total revenues, equity in net income (loss) of unconsolidated companies and funds from operations for each of these investment segments for the three months ended March 31, 2002 and 2001 and identifiable assets for each of these investment segments at March 31, 2002 and December 31, 2001.

BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") for interim financial information, as well as in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the information and footnotes required by GAAP for complete financial statements are not included. In management's opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the unaudited interim financial statements are included. Operating results for interim periods reflected do not necessarily indicate the results that may be expected for a full fiscal year. You should read these financial statements in conjunction with the financial statements and the accompanying notes included in the Company's Form 10-K, as amended, for the year ended December 31, 2001.

Certain amounts in prior period financial statements have been reclassified and restated to conform with current period presentation. See "Note 2. Adoption of New Accounting Standards" for a description of the reclassifications and restatements.

2. ADOPTION OF NEW ACCOUNTING STANDARDS:

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142") (effective January 1, 2002). SFAS No. 142 specifies that goodwill and certain other types of intangible assets may no longer be amortized, but instead are subject to periodic impairment testing. If an impairment charge is required, the charge is reported as a change in accounting principle and is included in operating results as a Cumulative Effect of a Change in Accounting Principle. SFAS No. 142 provides for a transitional period of up to 12 months. Any need for impairment must be assessed within the first six months and the amount of impairment must be determined within the next six months. Any additional impairment taken in subsequent interim periods during 2002 related to the initial adoption of this statement will require the first quarter financial statements to be restated. During the three months ended March 31, 2002, the Company recognized a goodwill impairment charge of approximately $10,500 due to the initial application of this statement. This charge was due to impairments (net of minority interests

and taxes) of the goodwill at the Temperature-Controlled Logistics Corporation and one of the Residential Development Corporations. This charge is reported as a change in accounting principle and is included in the Company's consolidated statements of operations as a "Cumulative Effect of a Change in Accounting Principle" for the three months ended March 31, 2002.

In prior periods, the Company tested goodwill for impairment under the provisions of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets," under which an impairment loss is recognized when expected undiscounted future cash flows are less than the carrying value of the asset. For the year ended December 31, 2001, the expected future operating cash flows of the Temperature-Controlled Logistics Corporation on an undiscounted basis exceeded the carrying amounts of the properties and other long-lived assets, including goodwill. Accordingly, no impairment was recognized under SFAS No. 121. Upon the adoption of SFAS No. 142, the Temperature-Controlled Logistics Corporation compared the fair value of the Temperature-Controlled Logistics Properties based on discounted cash flows to the carrying value of the Temperature-Controlled Logistics Properties and the related goodwill. Based on this test, the fair value did not exceed the carrying value of the Temperature-Controlled Logistics assets and, accordingly, the goodwill was impaired.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS No. 144") which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 requires that the results of operations, including any gains or losses recognized, be disclosed separately on the Company's consolidated Statements of Operations. The Company adopted SFAS No. 144 on January 1, 2002. Subsequent to January 1, 2002, the Company sold three Office Properties and classified two other office assets as held for sale. See "Note 3. Properties Held for Sale" for a description of the major classes of assets related to these properties. The Company also owned 10 behavioral healthcare properties as of March 31, 2002, which are held for sale. In accordance with SFAS No. 144, the results of operation of these assets have been presented as "Discontinued Operations - Income on Assets Sold and Held for Sale" in the accompanying consolidated statements of operations. The carrying value of the assets held for sale have been reflected as "Properties Held for Disposition, Net" in the accompanying consolidated balance sheet as of December 31, 2001. The adoption of this statement did not materially affect the Company's interim or annual financial statements for the three months ended March 31, 2002. The Company has reclassified certain amounts in prior period financial statements to conform with the new presentation requirements.

3. PROPERTIES HELD FOR SALE:

BEHAVIORAL HEALTHCARE PROPERTIES

As of March 31, 2002, the Company owned 10 behavioral healthcare properties, all of which were classified as held for sale. The carrying value of the behavioral healthcare properties at March 31, 2002 was approximately $27,337. During the three months ended March 31, 2002, the Company recognized an impairment charge of approximately $600 on one of the behavioral healthcare properties held for sale, which is included in

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Discontinued Operations - Income and Gain on Assets Sold and Held for Sale. This amount represents the difference between the carrying value and the estimated

sales price less costs of the sale for this property. Depreciation expense has not been recognized since the dates the behavioral healthcare properties were classified as held for sale. The Company has entered into contracts or letters of intent to sell five behavioral healthcare properties and is actively marketing for sale the remaining five behavioral healthcare properties. The sales of these behavioral healthcare properties are expected to close within the next year.

The major classes of assets associated with the properties held for sale are as follows:

Behavioral Healthcare Properties

	AS OF	
	MARCH 31, 2002	DECEMBER 31, 2001
Land	$ 12,785	$ 12,785
Buildings and improvements	17,019	17,619
Furniture, Fixtures and Equipment	2,526	2,526
Accumulated Depreciation	(4,993)	(4,993)
Net Investment in Real Estate	$ 27,337	$ 27,937

Office Properties

	AS OF	
	MARCH 31, 2002	DECEMBER 31, 2001
Land	$ 18,166	$ 18,866
Buildings and improvements	15,980	23,828
Furniture, Fixtures and Equipment	--	--
Accumulated Depreciation	(4,860)	(5,937)
Net Investment in Real Estate	$ 29,286	$ 36,757

4. EARNINGS PER SHARE:

SFAS No. 128 "Earnings Per Share" ("EPS") specifies the computation, presentation and disclosure requirements for earnings per share. Basic EPS excludes all dilution while Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares.

	FOR THE THREE MONT			
	2002			
	Income	Wtd. Avg. Shares	Per Share Amount	
BASIC EPS -				
Income before discontinued operations and cumulative effect of a change in accounting principle	$ 21,392	104,938		$
6 3/4% Series A Preferred Share distributions	(3,375)	--		
Income available to common shareholders before discontinued operations and cumulative effect of a change in accounting principle	$ 18,017	104,938	$ 0.17	$
Discontinued operations	3,034	--	0.03	
Cummulative effect of a change in accounting principle	(10,465)	--	(0.10)	
Net income available to common shareholders	$ 10,586	104,938	$ 0.10	$
DILUTED EPS -				
Income available to common shareholders before discontinued operations and cumulative effect of a change in accounting principle	$ 18,017	104,938		$
Effect of dilutive securities:				
Share and unit options	--	510		
Income available to common shareholders before discontinued operations and cumulative effect of a change in accounting principle	$ 18,017	105,448	$ 0.17	$
Discontinued operations	3,034	--	0.03	
Cummulative effect of a change in accounting principle	(10,465)	--	(0.10)	
Net income available to common shareholders	$ 10,586	105,448	$ 0.10	$

The effect of the conversion of the Series A Convertible Cumulative Preferred Shares is not included in the computation of Diluted EPS for the three months ended March 31, 2002 or 2001, since the effect of their conversion is antidilutive.

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5. SUPPLEMENTAL DISCLOSURE TO STATEMENTS OF CASH FLOWS:

	FOR THE ENDE
	2002
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Interest paid on debt	$ 44,67
Additional interest paid resulting from cash flow hedge agreements	5,74
Total interest paid	$ 50,41
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:	
Conversion of Operating Partnership units to common shares with resulting reduction in minority interest and increases in common shares and additional paid-in capital	$
Unrealized net (loss) gain on available-for-sale securities	(63
Adjustment of cash flow hedges to fair value	7,19
Impairment related to real estate assets	-
Impairment related to real estate assets held for sale	60
SUPPLEMENTAL SCHEDULE OF TRANSFER OF ASSETS AND ASSUMPTIONS OF LIABILITIES PURSUANT TO THE FEBRUARY 14, 2002 AGREEMENT WITH COPI:	
Net investment in real estate	$ 570,17
Restricted cash and cash equivalents	3,96
Accounts receivable, net	23,33
Investments in real estate mortgages and equity of unconsolidated companies	(309,10
Notes receivable - net	(29,81
Income tax asset - current and deferred, net	21,78
Other assets, net	63,26
Notes payable	(129,15
Accounts payable - accrued expenses and other liabilities	(201,15
Minority Interest - Consolidated real estate partnerships	(51,51
Increase in cash resulting from the COPI agreement	$ (38,22

6. SEGMENT REPORTING:

The Company currently has four major investment segments: the Office Segment; the Resort/Hotel Segment; the Residential Development Segment; and the Temperature-Controlled Logistics Segment. Management organizes these segments within the Company based on property type for making operating decisions and assessing performance. Investment segments for SFAS No. 131 are determined on the same basis.

The Company uses funds from operations ("FFO") as the measure of segment profit or loss. FFO, as used in this document, means:

- Net Income (Loss) - determined in conformity with GAAP;
  - excluding gains (or losses) from sales of depreciable operating property;
  - excluding extraordinary items (as defined by GAAP);
  - plus depreciation and amortization of real estate assets; and
  - after adjustments for unconsolidated partnerships and joint ventures.

The National Association of Real Estate Investment Trusts ("NAREIT") developed FFO as a relative measure of performance and liquidity of an equity REIT to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. The Company considers FFO an appropriate measure of performance for an equity REIT and for its investment segments. However, FFO:

- does not represent cash generated from operating activities determined in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events that enter into the determination of net income);
- is not necessarily indicative of cash flow available to fund cash needs;
- should not be considered as an alternative to net income determined in accordance with GAAP as an indication of the Company's operating performance, or to cash flow from operating activities determined in accordance with GAAP as a measure of either liquidity or the Company's ability to make distributions; and
- the Company's measure of FFO may not be comparable to similarly titled measures of other REITs because these REITs may apply the definition of FFO in a different manner than the Company.

Selected financial information related to each segment for the three months ended March 31, 2002 and 2001 and identifiable assets for each of the segments at March 31, 2002 and December 31, 2001 are presented below.

SELECTED FINANCIAL INFORMATION:

FOR THE THREE MONTHS ENDED MARCH 31, 2002	OFFICE SEGMENT	RESORT/HOTEL SEGMENT
Revenue	$ 143,017	$ 38,524
Equity in net income (loss) of unconsolidated companies	1,310	--
Segment funds from operations	80,572	20,910
Adjustments to reconcile Funds from Operations to Net Income:		
Depreciation and amortization of real estate assets		
Gain on property sales, net		
Cumulative effect of a change in accounting principle		
Impairment related to real estate assets and assets held for sale		
Adjustment for investments in real estate mortgages and equity of unconsolidated companies:		
Office Properties		
Residential Development Properties		
Temperature-Controlled Logistics Properties		
Other		
Unitholder minority interest		
Preferred Share distributions		
Net Income		

FOR THE THREE MONTHS ENDED MARCH 31, 2002	CORPORATE AND OTHER(1)	TOTAL
Revenue	$ 2,226	$ 231,832
Equity in net income (loss) of unconsolidated companies	(4,061)	9,422
Segment funds from operations	(58,317)(2)	64,127
Adjustments to reconcile Funds from Operations to Net Income:		
Depreciation and amortization of real estate assets		(32,139
Gain on property sales, net		3,764
Cumulative effect of a change in accounting principle		(10,465
Impairment related to real estate assets and assets held for sale		(600
Adjustment for investments in real estate mortgages and equity of unconsolidated companies:		
Office Properties		(2,162
Residential Development Properties		(903
Temperature-Controlled Logistics Properties		(5,711

Other	(2,646
Unitholder minority interest	(2,679
Preferred Share distributions	3,375
Net Income	$ 13,961

FOR THE THREE MONTHS ENDED MARCH 31, 2001	OFFICE SEGMENT	RESORT/HOTEL SEGMENT	RE DE
Revenue	$ 152,748	$ 15,949	$
Equity in net income of unconsolidated companies	1,093	--	
Segment funds from operations	90,153	15,752	
Adjustments to reconcile Funds from Operations to Net Income:			
Depreciation and amortization of real estate assets			
Gain on property sales, net			
Impairment and other adjustments related to the behavioral healthcare assets			
Adjustment for investments in real estate mortgages and equity of unconsolidated companies:			
Office Properties			
Residential Development Properties			
Temperature-Controlled Logistics Properties			
Unitholder minority interest			
Preferred Share distributions			
Net Income			

FOR THE THREE MONTHS ENDED MARCH 31, 2001	CORPORATE AND OTHER(1)	TOTAL
Revenue	$ 9,003	$ 177,700
Equity in net income of unconsolidated companies	1,846	16,366
Segment funds from operations	(55,035)(2)	72,261
Adjustments to reconcile Funds from Operations to Net Income:		
Depreciation and amortization of real estate assets		(29,495)
Gain on property sales, net		1,330
Impairment and other adjustments related to the behavioral healthcare assets		(2,150)
Adjustment for investments in real estate mortgages and equity of unconsolidated companies:		

Office Properties	(2,040)
Residential Development Properties	(2,358)
Temperature-Controlled Logistics Properties	(5,606)
Unitholder minority interest	(4,069)
Preferred Share distributions	3,375
Net Income	$ 31,248

IDENTIFIABLE ASSETS:	Office Segment	Resort/Hotel Segment	Residential Development Segment	Temperature-Controlled Logistics Segment	Corpo and Ot
BALANCE AT MARCH 31, 2002	$ 2,664,835	$ 506,655	$ 764,434	$ 297,910	$ 2
BALANCE AT DECEMBER 31, 2001	$ 2,727,939	$ 442,724	$ 371,535	$ 308,427	$ 2

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(1) For purposes of this Note, the behavioral healthcare properties' financial information has been included in this column.

(2) Includes interest and other income, behavioral healthcare property income, preferred return paid to GMAC Commercial Mortgage Corporation ("GMACCM"), other unconsolidated companies, less depreciation and amortization of non-real estate assets and amortization of deferred financing costs.

See "Note 7. Investments in Real Estate Mortgages and Equity of Unconsolidated Companies - Temperature-Controlled Logistics Properties" for a description of the sole lessee of the Temperature-Controlled Logistics Properties.

7. INVESTMENTS IN REAL ESTATE MORTGAGES AND EQUITY OF UNCONSOLIDATED COMPANIES

Investments in which the Company does not have a controlling interest are accounted for under the equity method. The following is a summary of the Company's ownership in significant joint ventures or equity investments:

Entity	CLASSIFICATION	COM AS
Mira Vista Development Corp.	Residential Development	
Houston Area Development Corp.	Residential Development	
The Woodlands Land Development Company, L.P.(1)	Residential Development	
Desert Mountain Commercial, L.L.C.(1)	Residential Development	
East West Resorts Development II, L.P., L.L.L.P.(1)	Residential Development	
Blue River Land Company, L.L.C.(1)	Residential Development	
Iron Horse Investments, L.L.C.(1)	Residential Development	
Manalapan Hotel Partners(1)	Residential Development	
Temperature-Controlled Logistics Partnership	Temperature-Controlled Logistics	
Main Street Partners, L.P.	Office (Bank One Center)	
The Woodlands Commercial Properties Company, L.P.	Office	
Crescent 5 Houston Center, L.P.	Office (5 Houston Center)	
Austin PT BK One Tower Office Limited Partnership	Office (Bank One Tower)	
Houston PT Four Westlake Office Limited Partnership	Office (Four Westlake Park)	
DBL Holdings, Inc.	Other	
CR License, L.L.C.	Other	
Woodlands Operating Company, L.P.	Other	

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(1) On February 14, 2002, the Company executed an agreement with COPI, pursuant to which COPI transferred to subsidiaries of the Company, pursuant to a strict foreclosure, COPI's interests in substantially all of the voting stock in three of the Company's Residential Development Corporations (Desert Mountain Development Corporation ("DMDC"), The Woodlands Land Company, Inc. ("TWLC"), and Crescent Resort Development, Inc. ("CRDI")) and in CRL Investments, Inc. ("CRLI"). As a result, the Company fully consolidated the operations of these entities beginning on the dates of the asset transfers. The Woodlands Land Development Company, L.P. is an unconsolidated equity investment of TWLC. Desert Mountain Commercial, L.L.C. is an unconsolidated equity investment of DMDC. East West Resorts Development II, L.P., L.L.L.P., Blue River Land Company, L.L.C., Iron Horse Investments, L.L.C., and Manalapan Hotel Partners, (collectively, the "CRD Subsidiaries") are unconsolidated equity investments of CRDI.

(2) See the Residential Development Properties Table included in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" for the Residential Development Properties.

(3) The remaining 6.0% interest in Mira Vista Development, Corp. ("MVDC"), which represents 100% of the voting stock, is owned 4.0% by DBL Holdings, Inc. ("DBL") and 2.0% by third parties.

(4) The remaining 6.0% interest in Houston Area Development Corp. ("HADC"), which represents 100% of the voting stock, is owned 4.0% by DBL and 2.0% by a third party.

(5) The remaining 57.5% interest in The Woodlands Land Development Company, L.P. and The Woodlands Operating Company, L.P. is owned by an affiliate of Morgan Stanley.

(6) Distributions are made to partners based on specified payout percentages. During the three months ended March 31, 2002, the payout percentage to the Company was 52.5%.

(7) The remaining 53.5% interest in Desert Mountain Commercial, L.L.C. is owned by parties unrelated to the Company.

(8) Of the remaining 61.5% interest in East West Resorts Development II, L.P., L.L.L.P., 0.8% is indirectly owned by John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, through his 20% ownership of COPI Colorado, L.P. and 60.7% is owned by parties unrelated to the Company.

(9) Of the remaining 68.2% interest in Blue River Land Company, L.L.C., 0.7% is indirectly owned by John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, through his 20% ownership of COPI Colorado, L.P. and 67.5% is owned by parties unrelated to the Company.

(10) Of the remaining 72.9% interest in Iron Horse Investments, L.L.C., 0.6% is indirectly owned by John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, through his 20% ownership of COPI Colorado, L.P. and 72.3% is owned by parties unrelated to the Company.

(11) Of the remaining 76.0% interest in Manalapan Hotel Partners, 0.5% is indirectly owned by John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, through his 20% ownership of COPI Colorado, L.P. and 75.5% is owned by parties unrelated to the Company.

(12) The remaining 60.0% interest in the Temperature-Controlled Logistics Partnership is owned by Vornado Realty Trust, L.P.

(13) The remaining 50.0% interest in Main Street Partners, L.P. is owned by TrizecHahn Corporation.

(14) The remaining 57.5% interest in The Woodlands Commercial Properties Company, L.P. is owned by an affiliate of Morgan Stanley. Distributions are made to partners based on specified payout percentages.

(15) The remaining 75.0% interest in Crescent 5 Houston Center, L.P. is owned by a pension fund advised by JP Morgan Investment Management, Inc. The Company recorded $279 in development, management and leasing fees, related to this investment during the three months ended March 31, 2002. The 5 Houston Center Office Property is currently under construction.

(16) The remaining 80.0% interest in Austin PT BK One Tower Office Limited Partnership and Houston PT Four Westlake Office Limited Partnership is owned by an affiliate of General Electric Pension Fund. The Company recorded $122 in management and leasing fees for these Office Properties during the three months ended March 31, 2002.

(17) John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, obtained the remaining 2.6% economic interest in DBL (including 100% of the voting interest in DBL) in exchange for his voting interests in MVDC and HADC, originally valued

at approximately $380, and approximately $63 in cash, or total consideration valued at approximately $443. At March 31, 2002, Mr. Goff's interest in DBL was approximately $506.

(18) The remaining 70.0% interest in CR License, LLC is owned by a group of individuals unrelated to the Company.

UNCONSOLIDATED PROPERTY DISPOSITIONS

During the three months ended March 31, 2002, the Woodlands Commercial Properties Company, L.P., ("Woodlands CPC") sold two office properties located within The Woodlands, Texas. The sales generated net proceeds, after the repayment of debt, of approximately $8,900, of which the Company's portion was approximately $4,700. The sale generated a net gain of approximately $11,500, of which the Company's portion was approximately $6,000. The proceeds received by the Company were used primarily for working capital purposes.

TEMPERATURE-CONTROLLED LOGISTICS PROPERTIES

As of March 31, 2002, the Company held a 40% interest in the Temperature-Controlled Logistics Partnership, which owns the Temperature-Controlled Logistics Corporation, which directly or indirectly owns the 89 Temperature-Controlled Logistics Properties, with an aggregate of approximately 445.2 million cubic feet (17.7 million square feet) of warehouse space.

The Temperature-Controlled Logistics Corporation leases the Temperature-Controlled Logistics Properties to a partnership ("AmeriCold Logistics") owned 60% by Vornado Operating L.P. and 40% by a subsidiary of COPI. The Company has no interest in AmeriCold Logistics.

AmeriCold Logistics, as sole lessee of the Temperature-Controlled Logistics Properties, leases the Temperature-Controlled Logistics Properties from the Temperature-Controlled Logistics Corporation under three triple-net master leases, as amended. On February 22, 2001, the Temperature-Controlled Logistics Corporation and AmeriCold Logistics agreed to restructure certain financial terms of the leases, including the adjustment of the rental obligation for 2001 to $146,000, the adjustment of the rental obligation for 2002 to $150,000 (plus contingent rent in certain circumstances), the increase of the Temperature-Controlled Logistics Corporation's share of capital expenditures for the maintenance of the properties from $5,000 to $9,500 (effective January 1, 2000) and the extension of the date on which deferred rent was required to be paid to December 31, 2003.

AmeriCold Logistics deferred $3,000 of the total $35,000 of rent for the three months ended March 31, 2002. The Company's share of the deferred rent was $1,200 and the Company recorded a 100% valuation allowance for the deferred rent. In December 2001, the Temperature Controlled Logistics Corporation waived its right to collect $39,800 of the total $49,900 of deferred rent, of which the Company's share was $15,900. The Temperature-Controlled Logistics Corporation and the Company began to recognize rental income when earned and collected during the year ended December 31, 2000 and continued this accounting treatment for the year ended December 31, 2001 and the quarter ended March 31, 2002; therefore, there was no financial statement impact to the Temperature-Controlled

Logistics Corporation or to the Company related to the Temperature-Controlled Logistics Corporation's decision to waive collection of deferred rent.

The following table shows the total, and the Company's portion of, deferred rent and valuation allowance at December 31, 2001 and for the three months ended March 31, 2002.

	DEFERRED RENT		VALUATION ALLOWA	
	TOTAL	COMPANY'S PORTION	TOTAL	
Balance at December 31, 2001	$ 10,100	$ 3,900	$ --	$
For the three months ended March 31, 2002	3,000	1,200	3,000	
Total	$ 13,100	$ 5,100	$ 3,000	$

SUMMARY FINANCIAL INFORMATION

The Company reports its share of income and losses based on its ownership interest in its respective equity investments, adjusted for any preference payments. As a result of the Company's transaction with COPI on February 14, 2002, certain entities that were reported as unconsolidated entities as of December 31, 2001 and for the three months ended March 31, 2001 are consolidated in the March 31, 2002 financial statements. Additionally, certain unconsolidated subsidiaries of the newly consolidated entities are now shown separately as unconsolidated entities of the Company. The unconsolidated entities that are included under the headings on the following tables are summarized below.

Balance Sheets as of March 31, 2002:

- Other Residential Development Corporations - This includes Desert Mountain Commercial, L.L.C. ("DMC"), CRD Subsidiaries, MVDC and HADC. DMC and CRD Subsidiaries are unconsolidated investments of DMDC and CRDI, respectively;

- The Woodlands Land Development Company, L.P. ("TWLDC") - This is an unconsolidated investment of TWLC;

- Temperature-Controlled Logistics ("TCL"); and

- Office - This includes Main Street Partners, L.P., Houston PT Four Westlake Office Limited Partnership, Austin PT BK One Tower Office Limited Partnership, Crescent 5 Houston Center, L.P., and Woodlands CPC.

Balance Sheets as of December 31, 2001:

- Crescent Resort Development, Inc.- This entity was consolidated beginning February 14, 2002 as a result of the COPI transaction. Its unconsolidated investments, CRD

Subsidiaries, are included under "Other Residential Development Corporations" in the following Balance Sheets as of March 31, 2002;

- The Woodlands Land Company, Inc. - This entity was consolidated beginning February 14, 2002 as a result of the COPI transaction. Its unconsolidated subsidiary is included under "The Woodlands Land Development Company, L.P." in the following Balance Sheets as of March 31, 2002;

- Other Residential Development Corporations - This includes DMDC, MVDC and HADC. DMDC was consolidated beginning February 14, 2002 as a result of the COPI transaction;

- Temperature-Controlled Logistics; and

- Office - This includes Main Street Partners, L.P., Houston PT Four Westlake Office Limited Partnership, Austin PT BK One Tower Office Limited Partnership, Crescent 5 Houston Center, L.P. and Woodlands CPC.

Summary Statement of Operations for the three months ended March 31, 2002:

- Other Residential Development Corporations - This includes the operating results of DMDC and CRDI for the period January 1 through February 14, 2002; the operating results of CRD Subsidiaries and DMC for the period February 15 through March 31, 2002; and the operating results of MVDC, HADC for the three months ended March 31, 2002. CRD Subsidiaries are unconsolidated subsidiaries of CRDI;

- The Woodlands Land Development Company, L.P. - This includes TWLDC's operating results for the period February 15 through March 31, 2002 and TWLC for the period January 1 through February 14, 2002. TWLDC is an unconsolidated subsidiary of TWLC;

- Temperature-Controlled Logistics - This includes the operating results for TCL for the three months ended March 31, 2002; and

- Office - This includes the operating results for Main Street Partners, L.P., Houston PT Four Westlake Office Limited Partnership, Austin PT BK One Tower Office Limited Partnership, Crescent 5 Houston Center, L.P. and Woodlands CPC for the three months ended March 31, 2002.

Summary Statement of Operations for the three months ended March 31, 2001:

- Crescent Resort Development, Inc.- This includes the operating results of CRDI for the three months ended March 31, 2001;

- Other Residential Development Corporations - This includes the operating results of DMDC, MVDC and HADC for the three months ended March 31, 2001;

- The Woodlands Land Company, LP - This includes the operating results of TWLC and TWLDC for the three months ended March 31, 2001;
- Temperature-Controlled Logistics - This includes the operating results for TCL for the three months ended March 31, 2001; and
- Office - This includes the operating results for Main Street Partners and Woodlands CPC, for the three months ended March 31, 2001.

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BALANCE SHEETS:

	AS OF MARCH 31, 2002			
	OTHER RESIDENTIAL DEVELOPMENT CORPORATIONS	THE WOODLANDS LAND DEVELOPMENT COMPANY, L.P.	TEMPERATURE-CONTROLLED LOGISTICS	OFFI
Real estate, net	$ 111,976	$ 372,289	$ 1,255,764	$ 54
Cash	8,807	2,617	41,734	1
Other assets	9,500	36,482	59,217	3
Total assets	$ 130,283	$ 411,388	$ 1,356,715	$ 59
Notes payable	$ 70,264	$ 250,763	$ 555,617	$ 31
Notes payable to the Company	251	10,638	4,833	
Other liabilities	41,701	53,309	52,361	1
Equity	18,067	96,678	743,904	25
Total liabilities and equity	$ 130,283	$ 411,388	$ 1,356,715	$ 59
Company's share of unconsolidated debt(1)	$ 17,204	$ 106,574	$ 222,247	$ 12
Company's investments in real estate mortgages and equity of unconsolidated companies	$ 47,431	$ 41,469	$ 297,910	$ 10

	AS OF DECEMBER 31, 20			
	CRESCENT RESORT DEVELOPMENT, INC.	OTHER RESIDENTIAL DEVELOPMENT CORPORATIONS	THE WOODLANDS LAND COMPANY, INC.	TEMPER CONTR LOGI
Real estate, net	$ 393,784	$ 173,991	$ 365,636	$ 1,2
Cash	17,570	7,973	2,688	
Other assets	31,749	94,392	32,244	
Total assets	$ 443,103	$ 276,356	$ 400,568	$ 1,3
Notes payable	$ --	$ --	$ 225,263	$ 5
Notes payable to the Company	180,827	60,000	--	
Other liabilities	232,767	168,671	74,271	
Equity	29,509	47,685	101,034	7
Total liabilities and equity	$ 443,103	$ 276,356	$ 400,568	$ 1,3
Company's share of unconsolidated debt(1)	$ --	$ --	$ 90,949	$ 2
Company's investments in real estate mortgages and equity of unconsolidated companies	$ 222,082	$ 120,407	$ 29,046	$ 3

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(1) As of March 31, 2002, the Company guaranteed or provided letters of credit related to approximately $30,010 of unconsolidated debt and had obligations to potentially provide an additional $59,990 in guarantees, primarily related to construction loans. At December 31, 2001, the Company guaranteed or provided letters of credit related to approximately $17,208 of unconsolidated debt.

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SUMMARY STATEMENTS OF OPERATIONS:

FOR THE THREE MONTHS ENDED MARCH 31, 2002		
OTHER RESIDENTIAL DEVELOPMENT	THE WOODLANDS LAND DEVELOPMENT	TEMPERATURE-CONTROLLED

	CORPORATIONS	COMPANY, LP.	LOGISTICS(1)	OFFICE
Total revenue	$ 88,014	$ 35,856	$ 31,959	$ 24,111
Expense:				
Operating expense	79,498(2)	15,383	6,986(2)	10,638
Interest expense	1,619	929	10,932	4,420
Depreciation and amortization	1,830	871	14,816	5,493
Tax (benefit) expense	(70)	406	--	--
Total expense	82,877	17,589	32,734	20,551
Net income	$ 5,137	$ 18,267	$ (775)(2)	$ 3,560
Company's equity in net income of unconsolidated companies	$ 2,783	$ 9,700	$ (310)	$ 1,310

FOR THE THREE MONTHS ENDED MARC

	CRESCENT RESORT DEVELOPMENT, INC.	OTHER RESIDENTIAL DEVELOPMENT CORPORATIONS	THE WOODLANDS LAND COMPANY, INC.	TEMPERATURE CONTROLLED LOGISTICS
Total revenue	$ 60,928	$ 19,364	$ 31,764	$ 38,106
Expense:				
Operating expense	49,798	16,867	19,984	4,998
Interest expense	1,447	315	1,283	11,416
Depreciation and amortization	1,415	1,512	1,683	14,642
Tax (benefit) expense	791	(680)	3,526	--
Total expense	53,451	18,014	26,476	31,056
Net income	$ 7,477	$ 1,350	$ 5,288	$ 7,050
Company's equity in net income of unconsolidated companies	$ 6,730	$ 1,305	$ 2,673	$ 2,719

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(1) Inclusive of the preferred return paid to Vornado Realty Trust (1% per annum of the Total Combined Assets).

(2) Excludes the goodwill write-off for TCL and one of the Residential Development Corporations, which is recorded on the accompanying financial statements as a cumulative change in accounting principle.

(3) Includes impairment of an investment in real estate partnership of $1,200 and impairment of DBL-CBO of $2,600.

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8. NOTES PAYABLE AND BORROWINGS UNDER FLEET FACILITY:

The following is a summary of the Company's debt financing at March 31, 2002:

SECURED DEBT

Fleet Fund I and II Term Loan due May 2005, bears interest at LIBOR plus 325 basis points (at March 31, 2002, the interest rate was 5.17%), with a four-year interest-only term, secured by equity interests in Funding I and II

AEGON Partnership Note(1) due July 2009, bears interest at 7.53% with monthly principal and interest payments based on a 25-year amortization schedule, secured by the Funding III, IV and Properties

LaSalle Note I(2) bears interest at 7.83% with an initial seven-year interest-only term (throug August 2002), followed by principal amortization based on a 25-year amortization schedule through maturity in August 2027, secured by the Funding I Properties

Deutsche Bank-CMBS Loan(3) due May 2004, bears interest at the 30-day LIBOR rate plus 234 basis points (at March 31, 2002, the interest rate was 5.84%), with a three-year interest-only and two one-year extension options, secured by the Funding X Properties and Spectrum Center

JP Morgan Mortgage Note(4), bears interest at a fixed rate of 8.31% with principal amortization based on a 15-year amortization schedule through maturity in October 2016, secured by the Houston Center mixed-use Office Property complex

LaSalle Note II(5) bears interest at 7.79% with an initial seven-year interest-only term (throu March 2003), followed by principal amortization based on a 25-year amortization schedule through maturity in March 2028, secured by the Funding II Properties

CIGNA Note due December 2002, bears interest at 7.47% with an interest-only term, secured by the MCI Tower Office Property and Denver Marriott City Center Resort/Hotel Property

Metropolitan Life Note V(6) due December 2005, bears interest at 8.49% with monthly principal and interest payments based on a 25-year amortization schedule, secured by the Datran Center Office Property

Northwestern Life Note due January 2004, bears interest at 7.66% with an interest-only term, secured by the 301 Congress Avenue Office Property

National Bank of Arizona Revolving Line of Credit(7) due November 2003, secured by certain DMDC assets

Woodmen of the World Note(8) due April 2009, bears interest at 8.20% with an initial five-year interest-only term (through April 2006), followed by principal amortization based on a 25-year amortization schedule, secured by the Avallon IV Office Property

Nomura Funding VI Note(9) bears interest at 10.07% with monthly principal and interest payments based on a 25-year amortization schedule through maturity in July 2020, secured by the Funding VI Property

SECURED DEBT - CONTINUED

Mitchell Mortgage Note due August 2002, bears interest at 7.00% with an interest-only term, secured by four of The Woodlands Office Properties

Rigney Promissory Note due November 2012, bears interest at 8.50% with quarterly principal and interest payments based on a 15-year amortization schedule, secured by a parcel of land

Construction, acquisition and other obligations, bearing fixed and variable interest rates rang from 4.40% to 10.00% at March 31, 2002, with maturities ranging between June 2002 and December 2004, secured by various CRDI projects

UNSECURED DEBT

Fleet Facility(10) due May 2004, bears interest at LIBOR plus 187.5 basis points (at March 31, 2002, the interest rate was 3.76%), with a three-year interest-only term and a one-year extension option

2007 Notes(11) bear interest at a fixed rate of 7.50% with a ten-year interest-only term, due September 2007

2002 Notes(11) bear interest at a fixed rate of 7.00% with a five-year interest-only term, due September 2002

Other obligations, with fixed interest rates ranging from 8.00% to 12.00% and variable interest rates ranging from the Fed Funds rate plus 150 basis points to LIBOR plus 375 basis points and with maturities ranging between November 2002 and January 2004

Total Notes Payable

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(1) The outstanding principal balance of this note at maturity will be approximately $224,100.

(2) In August 2007, the interest rate will increase, and the Company is required to remit, in addition to the monthly debt service payment, excess property cash flow, as defined, to be applied first against principal until the note is paid in full and thereafter, against accrued excess interest, as defined. It is the Company's intention to repay the note in full at such time (August 2007) by making a final payment of approximately $220,500.

(3) This includes both a Deutsche Bank-CMBS note and a Fleet-Mezzanine note. The notes are due May 2004 and bear interest at the 30-day LIBOR rate plus a spread of (i) 164.7 basis points for the CMBS note, (at March 31, 2002, the interest rate was 5.15%), and (ii) 600 basis points for the Mezzanine note, (at March 31, 2002, the interest rate was 9.50%). The blended rate at March 31, 2002 for the two notes was 5.84%. The notes have three-year interest only terms and two one-year extension options, and are secured by the Office Properties owned by Funding X and the interest in Spectrum Center. The Fleet-Mezzanine note is secured by the interest in Funding X and Crescent Spectrum Center, L.P. and the Company's interest in their general partner.

(4) At the end of seven years (October 2006), the interest rate will adjust based on current interest rates at that time. It is the Company's intention to repay the note in full at such time (October 2006) by making a final payment of approximately $177,800.

(5) In March 2006, the interest rate will increase, and the Company is required to remit, in addition to the monthly debt service payment, excess property cash flow, as defined, to be applied first against principal until the note is paid in full and thereafter, against accrued excess interest, as defined. It is the Company's intention to repay the note in full at such time (March 2006) by making a final payment of approximately $154,100.

(6) The outstanding principal balance of this loan at maturity will be approximately $29,100.

(7) This facility is a $50,000 line of credit secured by certain DMDC land and improvements ("vertical facility"), club facilities ("club loan"), and notes receivable ("warehouse facility"). The line restricts the vertical facility and club loan to a maximum outstanding amount of $40,000 and is subject to certain borrowing base limitations and bears interest at Prime (at March 31, 2002, the interest rate was 4.75%). The warehouse facility bears interest at Prime plus 100 basis points, (at March 31, 2002, the interest rate was 5.75%) and is limited to $10,000.

(8) The outstanding principal balance of this loan at maturity will be approximately $8,200.

(9) In July 2010, the interest rate due under the note will change to a 10-year Treasury yield plus 500 basis points or, if the Company so elects, it may repay the note without penalty at that date by making a final payment of $6,135.

(10) The $400,000 Fleet Facility is an unsecured revolving line of credit.

(11) The notes were issued in an offering registered with the SEC.

Below are the aggregate principal payments required as of March 31, 2002 under indebtedness of the Company by year. Scheduled principal installments and amounts due at maturity are included.

	SECURED	UNSECURED	TOTAL(1)
2002	$ 106,573	$ 165,416	$ 271,989
2003	128,849	--	128,849
2004	236,899	334,625	571,524
2005	329,339	--	329,339
2006	347,207	--	347,207
Thereafter	481,475	250,000	731,475
	$ 1,630,342	$ 750,041	$ 2,380,383

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(1) These amounts do not represent the effect of a one-year extension option on the Fleet Facility and two one-year extension options on the Deutsche Bank - CMBS Loan.

The Company has $271,989 of secured and unsecured debt payments due during 2002, consisting primarily of the Cigna Note, the Mitchell Mortgage Note, unsecured short-term borrowings and the 2002 Notes, which are expected to be funded through replacement debt financing.

Any uncured or unwaived events of default on the Company's loans can trigger an acceleration of payment on the loan in default. In addition, a default by the Company or any of its subsidiaries with respect to any indebtedness in excess of $5,000 generally will result in a default under the Fleet Facility and the Fleet I and II Term Loan after the notice and cure periods for the other indebtedness have passed. As of March 31, 2002, the Company was in compliance with all of its debt service coverage ratios and other covenants related to its outstanding debt. The Company's debt facilities generally prohibit loan pre-payment for an initial period, allow pre-payment with a penalty during a following specified period and allow pre-payment without penalty after the expiration of that period. During the three months ended March 31, 2002, there were no circumstances that would require pre-payment penalties or increased collateral related to the Company's existing debt.

In addition to the subsidiaries listed in "Note 1. Organization and Basis of Presentation," certain other subsidiaries of the Company were formed primarily for the purpose of obtaining secured and unsecured debt or joint venture financings. The following lists these entities, all of which are

consolidated and are grouped based on the Properties to which they relate: Funding I and Funding II Properties (CREM Holdings, LLC, Crescent Capital Funding, LLC, Crescent Funding Interest, LLC, CRE Management I Corp., CRE Management II Corp.); Funding III Properties (CRE Management III Corp.); Funding IV Properties (CRE Management IV Corp.); Funding V Properties (CRE Management V Corp.); Funding VI Properties (CRE Management VI Corp.); Funding VIII Properties (CRE Management VIII, LLC); Funding IX Properties (CRE Management IX, LLC); Funding X Properties (CREF X Holdings Management, LLC, CREF X Holdings, L. P., CRE Management X, LLC); Spectrum Center, (Spectrum Center Partners, L.P., Spectrum Mortgage Associates, L. P., CSC Holdings Management, LLC, Crescent SC Holdings, L.P., CSC Management, LLC).

9. INTEREST RATE CAPS:

In connection with the closing of the Deutsche Bank - CMBS Loan in May 2001, the Company entered into a LIBOR interest rate cap struck at 7.16% for a notional amount of $220,000, and simultaneously sold a LIBOR interest rate cap with the same terms. Since these instruments do not reduce the Company's net interest rate risk exposure, they do not qualify as hedges and changes to their respective fair values are charged to earnings. As the significant terms of these arrangements are substantially the same, the effects of a revaluation of these instruments are expected to substantially offset each other.

10. CASH FLOW HEDGES:

The Company uses derivative financial instruments to convert a portion of its variable-rate debt to fixed-rate debt and to manage its fixed to variable-rate debt ratio. As of March 31, 2002, the Company had entered into three cash flow hedge agreements, which are accounted for in conformity with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of FASB Statement No. 133."

The following table shows information regarding the Company's cash flow hedge agreements as of March 31, 2002 and interest expense for the three months ended March 31, 2002:

ISSUE DATE	NOTIONAL AMOUNT	MATURITY DATE	REFERENCE RATE	FAIR MARKET V
7/21/99	$ 200,000	9/2/03	6.183%	$
5/15/01	200,000	2/3/03	7.11	
4/14/00	100,000	4/18/04	6.76	

The Company has designated its three cash flow hedge agreements as cash flow hedges of LIBOR-based monthly interest payments on a designated pool of variable-rate LIBOR indexed debt that reprices closest to the reset dates of

each cash flow hedge agreement. For retrospective effectiveness testing, the Company uses the cumulative dollar offset approach as described in DIG Issue E8. The DIG is a task force designed to assist the FASB in answering questions that companies have resulting from implementation of SFAS No. 133. The Company uses the change in variable cash flows method as described in DIG Issue G7 for prospective testing as well as for the actual recording of ineffectiveness, if any. Under this method, the Company will compare the changes in the floating rate portion of each cash flow hedge to the floating rate of the hedged items. The cash flow hedges have been and are expected to remain highly effective. Changes in the fair value of these highly effective hedging instruments are recorded in accumulated other comprehensive income. The effective portion that has been deferred in accumulated other comprehensive income will be reclassified to earnings as interest expense when the hedged items impact earnings. If a cash flow hedge falls outside 80%-125% effectiveness for a quarter, all changes in the fair value of the cash flow hedge for the quarter will be recognized in earnings during the current period. If it is determined based on prospective testing that it is no longer likely a hedge will be highly effective on a prospective basis, the hedge will no longer be designated as a cash flow hedge and no longer qualify for accounting in conformity with SFAS Nos. 133 and 138.

Over the next twelve months, an estimated $16,300 to $18,500 will be reclassified from accumulated other comprehensive income to interest expense and charged against earnings related to the effective portions of the cash flow hedge agreements.

Additionally, CRDI, a consolidated subsidiary of the Company, also uses derivative financial instruments to convert a portion of its variable-rate debt to fixed-rate debt. As of March 31, 2002, CRDI had entered into three cash flow hedge agreements, which are accounted for in conformity with SFAS Nos. 133 and 138.

The following table shows information regarding CRDI's cash flow hedge agreements as of March 31, 2002 and capitalized interest for the three months ended March 31, 2002. Capitalized interest is related to debt for projects that are currently under development.

ISSUE DATE	NOTIONAL AMOUNT	MATURITY DATE	REFERENCE RATE	FAIR MARKET VALUE
1/2/2001	$ 10,818	11/16/2002	8.455%	$ (388)
9/4/2001	6,650	9/4/2003	7.12	(72)
9/4/2001	4,800	9/4/2003	7.12	(52)

CRDI uses the shortcut method described in SFAS No. 133, which eliminates the need to consider ineffectiveness of the hedges, and instead

assumes that the hedges are highly effective.

11. INCOME TAXES:

The Company intends to maintain its qualification as a REIT under Section 856 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). As a REIT, the Company generally will not be subject to corporate federal income taxes as long as it satisfies certain technical requirements of the Code, including the requirement to distribute 90% of REIT taxable income to its shareholders. Accordingly, the Company does not believe that it will be liable for current income taxes on its REIT taxable income at the Federal level or in most of the states in which it operates. Additionally, in conjunction with the Company's agreement with COPI, the Company consolidated certain taxable REIT subsidiaries (the "TRS"), which are subject to federal and state income tax. The Company's $4,300 total consolidated income tax benefit at March 31, 2002 includes tax expense related to the operations of the TRS of $2,400, offset by a tax benefit of $6,700. The $6,700 benefit results from the temporary difference between the financial reporting basis and the respective tax basis of the hotel leases acquired as part of the Company's agreement with COPI. This temporary difference will be reversed over an estimated five-year period, which is the remaining lease term of the hotel leases. The anticipated reversal of the tax benefit for the full year 2002 will total approximately $1,500. Cash paid for income taxes in the first quarter of 2002 totaled approximately $2,000.

The Company's total net tax asset of approximately $28,700 includes $20,900 of net deferred tax assets and a $7,800 net current tax receivable at March 31, 2002. The tax effects of each type of temporary difference that give rise to a significant portion of the $20,900 deferred tax asset are as follows:

Deferred recognition of DMDC club membership revenue	$ 26,800
Recognition of development land cost of sales at DMDC and TWLC	(10,500)
Recognition of hotel lease cost	6,700
Other	(2,100)
Total deferred tax asset	$ 20,900

The Company recognizes deferred tax assets only to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including tax planning strategies and other factors. As of March 31, 2002, no valuation allowances have been recorded.

The $6,900 net current tax receivable results primarily from anticipated tax refunds related to recognition of a net operating loss carryback and 2001 overpayments of $11,700 for DMDC, offset by $4,800 current taxes payable.

12. MINORITY INTEREST:

Minority interest represents (i) the limited partner interests owned by limited partners in the Operating Partnership ("units"), and (ii) joint venture and preferred equity interests held by third parties in other consolidated subsidiaries. Each unit may be exchanged for either two common shares or, at the election of the Company, cash equal to the fair market value of two common shares at the time of the exchange. When a unitholder exchanges a unit, Crescent Equities' percentage interest in the Operating Partnership increases. During the three months ended March 31, 2002, there were 2,684 units exchanged for 5,368 common shares of Crescent Equities.

13. SALE OF PREFERRED EQUITY INTERESTS IN SUBSIDIARY:

During the year ended December 31, 2000, the Company formed Funding IX and contributed seven Office Properties and two Resort/Hotel Properties to Funding IX. As of March 31, 2002, Funding IX held seven Office Properties and one Resort/Hotel Property. The Company owns 100% of the common voting interests in Funding IX, 0.1% in the form of a general partner interest and 99.9% in the form of a limited partner interest.

As of March 31, 2002, GMAC Commercial Mortgage Corporation ("GMACCM") held $218,400 of non-voting, redeemable preferred Class A Units in Funding IX (the "Class A Units"). The Class A Units initially received a preferred variable-rate dividend previously calculated at LIBOR plus 450 basis points. Beginning March 16, 2002, the preferred variable-rate dividend increased to LIBOR plus 550 basis points, which resulted in a dividend rate of approximately 7.38% per annum as of March 31, 2002. The Class A Units are redeemable at the option of the Company at the original purchase price. Subsequent to March 31, 2002, the Company redeemed approximately $101,100 of the Class A Units from GMACCM.

Funding IX loaned the net proceeds of the sale of Class A Units in Funding IX and a portion of the net proceeds from the sale of one of the Resort/Hotel Properties held by Funding IX, through an intracompany loan to Crescent SH IX, Inc. ("SH IX"), for the purchase of common shares of the Company. See "Note 14. Shareholders' Equity - Share Repurchase Program". This intracompany loan is eliminated in consolidation. The loan from Funding IX to SH IX matures March 15, 2003 and the Company intends to repay the loan of approximately $285,000 at or prior to that time. The proceeds received by Funding IX will be used to redeem Class A Units.

14. SHAREHOLDERS' EQUITY:

SHARE REPURCHASE PROGRAM

On October 15, 2001, the Company's Board of Trust Managers authorized an increase in the amount of outstanding common shares that can be repurchased from time to time in the open market or through privately negotiated transactions (the "Share Repurchase Program") from $500,000 to $800,000.

The Company commenced its Share Repurchase Program in March 2000. As of March 31, 2002, the Company had repurchased 18,756,423 common shares, 20,286 of which have been retired, at an average price of $19.09 per common share for an aggregate of approximately $358,100. As of March 31, 2002, the Company held 14,468,623 of the repurchased common shares in SH IX, a wholly-owned subsidiary. The 14,468,623 common shares were repurchased with the net proceeds of the sale of Class A Units in Funding IX and with a portion of the net proceeds from the sale of one of the Properties held by Funding IX. See "Note 13. Sale of Preferred Equity Interests in Subsidiary." These common shares are consolidated as treasury shares in conformity with GAAP. However, these shares are held in SH IX until all of the Class A Units are redeemed. Distributions will continue to

be paid on these repurchased common shares and will be used to pay dividends on the Class A Units.

The Company expects the Share Repurchase Program to continue to be funded through a combination of debt, equity, joint venture capital and selected asset disposition alternatives available to the Company. The amount of common shares that the Company will actually purchase will be determined from time to time, in its reasonable judgment, based on market conditions and the availability of funds, among other factors. There can be no assurance that any number of common shares will actually be purchased within any particular time period.

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DISTRIBUTIONS

The following table summarizes the distributions paid or declared to common shareholders, unitholders and preferred shareholders during the three months ended March 31, 2002.

SECURITY	DIVIDEND/ DISTRIBUTION	TOTAL AMOUNT	RECORD DATE
Common Shares/Units(1)	$ 0.375	$ 49,706(2)	1/31/02
Common Shares/Units(1)	0.375	49,825(2)	4/30/02
6 3/4% Series A Preferred Shares	0.422	3,375	1/31/02
6 3/4% Series A Preferred Shares	0.422	4,556	4/30/2002

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(1) Represents one-half the amount of the distribution per unit because each unit is exchangeable for two common shares.

(2) As of March 31, 2002, the Company was holding 14,468,623 of its common shares in SH IX. These distribution amounts include $5,426 for the distribution paid on February 15, 2002, and for the distribution to be paid on May 15, 2002, related to these common shares. These distributions are eliminated in consolidation.

15. RELATED PARTY TRANSACTIONS:

DBL HOLDINGS, INC.

As of March 31, 2002, the Company owned 97.44% of DBL with the remaining 2.56% economic interest in DBL (including 100% of the voting interest in DBL) held by John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company. Originally, Mr. Goff contributed his voting interests in MVDC and HADC, originally valued at approximately $380, and approximately $63 in cash, or total consideration valued at approximately $443 for his interest in DBL.

DBL has two wholly owned subsidiaries, DBL-ABC, Inc. and DBL-CBO, Inc., the assets of which are described in the following paragraphs, and DBL directly holds 66% of the voting stock in MVDC and HADC. At March 31, 2002, Mr. Goff's interest in DBL was approximately $506.

Since June 1999, the Company has contributed approximately $23,800 to DBL, in the form of cash and loans. These funds were used by DBL to make an equity contribution to DBL-ABC, Inc., which committed to purchase a limited partnership interest representing a 12.5% interest in G2 Opportunity Fund, LP ("G2"). G2 was formed for the purpose of investing in commercial mortgage backed securities and other commercial real estate investments and is managed and controlled by an entity that is owned equally by Goff-Moore Strategic Partners, LP ("GMSP") and GMACCM. The ownership structure of the entity that ultimately controls GMSP consists of 50% ownership by Darla Moore, who is married to Richard Rainwater, Chairman of the Board of Trust Managers of the Company and 50% by John Goff. Mr. Rainwater is also a limited partner of GMSP. At March 31, 2002, DBL had an approximately $14,100 investment in G2 and had repaid in full the loans from the Company.

In March 1999, DBL-CBO, Inc. acquired $6,000 aggregate principal amount of Class C-1 Notes issued by Juniper CBO 1999-1 Ltd., a Cayman Island limited liability company. At March 31, 2002 this investment was valued at approximately $2,700. During the three months ended March 31, 2002, the Company recognized an impairment charge related to this investment of $2,600.

COPI COLORADO, L. P.

On February 14, 2002, the Company executed an agreement with COPI, pursuant to which COPI transferred to the Company, in lieu of foreclosure, COPI's 60% general partner interest in COPI Colorado which owns 10% of the voting stock in CRDI. As a result, the Company increased its ownership interest in CRDI from 90% to 96%, John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, owns a 2.0% interest in CRDI and the remaining 2.0% interest is owned by a third party.

LOANS TO EMPLOYEES AND TRUST MANAGERS OF THE COMPANY FOR EXERCISE OF STOCK OPTIONS AND UNIT OPTIONS

As of March 31, 2002, the Company had approximately $36,492 of loans outstanding (including approximately $4,022 loaned during the three months ended March 31, 2002) to certain employees and trust managers of the Company on a recourse basis pursuant to the Company's stock incentive plans and unit incentive plans pursuant to agreements approved by the Board of Directors and the Executive Compensation Committee of the Company. The proceeds of these loans were used by the employees and the trust managers to acquire common shares of the Company pursuant to the exercise of vested stock and unit options. According to the loan agreements, these loans may be repaid in full or in part at any time without premium or penalty. John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, had a loan representing $26,300 of the $36,492 total outstanding loans at March 31, 2002.

Every month, federal short-term, mid-term and long-term rates (Applicable Federal Rates) are determined and published by the IRS based upon average market yields of specified maturities. The loans granted during the three months ended March 31, 2002 were granted at the Applicable Federal Rate of 2.7%, which reflects a below prevailing market interest rate; therefore, the

Company recorded $104 of compensation expense for the quarter ended March 31, 2002. Approximately $605 of interest was outstanding related to these loans as of March 31, 2002.

16. DISPOSITIONS:

OFFICE SEGMENT

During the three months ended March 31, 2002, the Company completed the sale of the Cedar Springs Plaza Office Property in Dallas, Texas. The sale generated net proceeds of approximately $11,900 and a net gain of approximately $4,500. The proceeds from the sale of Cedar Springs Plaza Office Property were used primarily for working capital purposes. The operations for this Property, as well as the gain recognized on the sale of this Property are included in "Discontinued Operations - Income and Gain on Assets Sold or Held for Sale".

The major classes of assets and liabilities associated with the Cedar Springs Plaza Office Property are as follows:

	AS OF DECEMBER 31, 2001
Land	$ 700
Buildings and improvements	7,831
Accumulated depreciation	(1,310)
Properties held for disposition, net	7,221
Other assets	263

17. COPI

In April 1997, the Company established a new Delaware corporation, COPI. All of the outstanding common stock of COPI, valued at $0.99 per share, was distributed, effective June 12, 1997, to those persons who were limited partners of the Operating Partnership or shareholders of the Company on May 30, 1997, in a spin-off.

COPI was formed to become a lessee and operator of various assets to be acquired by the Company and to perform the intercompany agreement between COPI and the Company, pursuant to which each agreed to provide the other with rights to participate in certain transactions. The Company was not permitted to operate or lease these assets under the tax laws in effect at that time and applicable to REITs. In connection with the formation and capitalization of COPI, and the subsequent operations and investments of COPI since 1997, the Company made loans to COPI under a line of credit and various term loans.

On January 1, 2001, The REIT Modernization Act became effective. This legislation allows the Company, through its subsidiaries, to operate or lease certain of its investments that had been previously operated or leased by COPI.

On February 14, 2002, the Company executed an agreement (the "Agreement") with COPI, pursuant to which COPI transferred to subsidiaries of the Company, in lieu of foreclosure, COPI's lessee interests in the eight Resort/Hotel Properties leased to subsidiaries of COPI and, pursuant to a strict foreclosure, COPI's voting interests in three of the Company's Residential Development Corporations and other assets; and the Company agreed to assist and provide funding to COPI for the implementation of a prepackaged bankruptcy of COPI. In connection with the transfer, COPI's rent obligations to the Company were reduced by $23,600, and its debt obligations were reduced by $40,100. These amounts include $18,300 of value attributed to the lessee interests transferred by COPI to the Company; however, in conformity with GAAP, the Company assigned no value to these interests for financial reporting purposes.

The Company holds the lessee interests in the eight Resort/Hotel Properties and the voting interests in the three Residential Development Corporations through three newly organized entities that are wholly owned taxable REIT subsidiaries of the Company. The Company has included these assets in its Resort/Hotel Segment and its Residential Development Segment, and fully consolidated the operations of the eight Resort/Hotel Properties and the three Residential Development Corporations, beginning on the date of the transfers of these assets.

Under the Agreement, the Company has agreed to provide approximately $14,000 to COPI in the form of cash and common shares of the Company to fund costs, claims and expenses relating to the bankruptcy and related transactions, and to provide for the distribution of the Company's common shares to the COPI stockholders. As of March 31, 2002, the Company estimated that the value of the common shares that will be issued to the COPI stockholders will be approximately $5,000 to $8,000. The Agreement provides that COPI and the Company will seek to have a plan of reorganization for COPI, reflecting the terms of the Agreement and a draft plan of reorganization, approved by the bankruptcy court. The actual value of the common shares issued to the COPI stockholders will not be determined until the confirmation of COPI's bankruptcy plan and could vary substantially from the estimated amount.

In addition, the Company has agreed to use commercially reasonable efforts to assist COPI in arranging COPI's repayment of its $15,000 obligation to Bank of America, together with any accrued interest. COPI obtained the loan primarily to participate in investments with the Company. At the time COPI obtained the loan, Bank of America required, as a condition to making the loan, that Richard E. Rainwater, the Chairman of the Board of Trust Managers of the Company, and John C. Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, enter into a support agreement with COPI and Bank of America, pursuant to which they agreed to make additional equity investments in COPI if COPI defaulted on payment obligations under its line of credit with Bank of America and the net proceeds of an offering of COPI securities were insufficient to allow COPI to pay Bank of America in full. The Company believes, based on advice of counsel, that the support agreement should be unenforceable in a COPI bankruptcy. Effective December 31, 2001, the parties executed an amendment to the line of credit providing that any defaults existing under the line of credit on or before March 8, 2002 are temporarily cured unless and until a new default shall occur.

Completion and effectiveness of the plan of reorganization for COPI is contingent upon a number of conditions, including the vote of COPI's stockholders, the approval of the plan by certain of COPI's creditors and the approval of the bankruptcy court.

18. SUBSEQUENT EVENTS:

DEBT OFFERING

On April 15, 2002, the Company completed a private offering of $375,000 in senior, unsecured notes due 2009. The notes bear interest at an annual rate of 9.25% and were issued at 100% of issue price. The notes are callable after April 15, 2006. Interest will be payable in cash on April 15 and October 15 of each year, beginning October 15, 2002. The Company has agreed to register a similar series of notes with the SEC and to effect an exchange offer of the registered notes for the privately placed notes and, in certain cases, to register the notes for

resale by their holders. In the event that the exchange offer or resale registration is not completed on or before October 15, 2002, the interest rate on the notes will increase to 9.75% and increase to 10.25% after 90 days until the exchange offer or resale registration is completed.

The net proceeds from the offering of notes were approximately $366,000. Approximately $309,500 of the proceeds were used to pay down amounts outstanding under the Fleet Facility, and the remaining proceeds were used to pay down $5,000 of short-term indebtedness and redeem approximately $52,000 of Class A Units from GMACCM. Borrowings under the revolving line of credit are expected to be used to repay or repurchase from time to time $150,000 of 7.0% unsecured notes due in September 2002, approximately $52,400 of which have been repurchased to date. In addition, borrowings under our line of credit are also expected to be used to repay a $63,500, 7.47% mortgage loan due in December 2002.

SERIES A PREFERRED OFFERING

On April 26, 2002, the Company completed an institutional placement (the "April 2002 Series A Preferred Offering") of 2,800,000 shares of 6 3/4% Series A Convertible Cumulative Preferred Shares (the "Series A Preferred Shares") with a liquidation preference of $25.00 per share. The Series A Preferred Shares are convertible at any time, in whole or in part, at the option of the holders thereof into common shares of the Company at a conversion price of $40.86 per common share (equivalent to a conversion rate of .6119 common shares per Series A Preferred Share), subject to adjustment in certain circumstances. Net proceeds to the Company from the April 2002 Series A Preferred Offering after underwriting discounts of approximately $1,000 and other offering costs of approximately $300 were approximately $49,100. The net proceeds from the April 2002 Series A Preferred Offering were used to redeem Class A Units from GMACCM.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this section in conjunction with the consolidated interim financial statements and the accompanying notes in "Item 1. Financial Statements" of this document and the more detailed information contained in the Company's Form 10-K for the year ended December 31, 2001. In management's opinion, all adjustments (consisting of normal and recurring adjustments) considered necessary for a fair presentation of the unaudited interim financial statements are included. Capitalized terms used but not otherwise defined in this section, have the meanings given to them in the notes to the financial statements in "Item 1. Financial Statements."

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are generally characterized by terms such as "believe," "expect" and "may"

Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, the Company's actual results could differ materially from those described in the forward-looking statements.

The following factors might cause such a difference:

- Crescent's inability to obtain the confirmation of a prepackaged bankruptcy plan of COPI binding all creditors and stockholders;

- The inability of Crescent successfully to integrate the lessee interests in the resort/hotel properties and the voting interests in its residential development corporations and related entities with its current business and operations;

- The inability of Crescent to complete the distribution to its shareholders of the shares of a new entity to purchase the AmeriCold tenant interest from COPI;

- Further deterioration in the resort/business-class hotel markets or in the market for residential land or luxury residences, including single-family homes, townhomes and condominiums, or in the economy generally;

- The Company's ability, at its office properties, to timely lease unoccupied square footage and timely re-lease occupied square footage upon expiration on favorable terms, which may be adversely affected by changes in real estate conditions (including rental rates and competition from other properties and new development of competing properties or a general downturn in the economy);

- Financing risks, such as the ability to generate revenue sufficient to service and repay existing or additional debt, the Company's ability to fund the share repurchase program, increases in debt service associated with increased debt and with variable-rate debt, the ability to meet financial covenants and the Company's ability to consummate financings and refinancings on favorable terms and within any applicable time frames;

- Further adverse conditions in the temperature-controlled logistics business (including both industry-specific conditions and a general downturn in the economy which may further jeopardize the ability of the Company's tenant to pay all current rent due to the Company);

- Adverse changes in the financial condition of existing tenants;

- The concentration of a significant percentage of the Company's assets in Texas;
- The Company's ability to find acquisition and development opportunities which meet the Company's investment strategy;
- The existence of complex regulations relating to the Company's status as a REIT, the effect of future changes in REIT requirements as a result of new legislation and the adverse consequences of the failure to qualify as a REIT; and
- Other risks detailed from time to time in the Company's filings with the SEC.

Given these uncertainties, readers are cautioned not to place undue reliance on such statements. The Company is not obligated to update these forward-looking statements to reflect any future events or circumstances.

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The following sections include information for each of the Company's investment segments for the three months ended March 31, 2002.

OFFICE SEGMENT

The following table shows the same-store net operating income growth for the approximately 25.8 million square feet of Office Property space owned as of March 31, 2002. This table excludes the following:

- Approximately 1.5 million square feet of space at Bank One Center, in which the Company owns a 50% equity interest;
- Approximately 1.0 million square feet of space at Four Westlake Park and Bank One Tower, in each of which the Company has a 20% equity interest;
- Approximately 0.1 million square feet of space at Avallon IV, which was completed during the year ended December 31, 2001; and
- Approximately 0.1 million square feet of space at Cedar Springs Plaza, which was sold during the three months ended March 31, 2002.

	FOR THE THREE MONTHS ENDED MARCH 31,		
	2002	2001	PERCENTAGE/ POINT INCREASE (DECREASE)
(IN MILLIONS)			
Same-store Revenues	$ 141.6	$ 138.7	2.1%
Same-store Expenses	(67.0)	(63.7)	5.2%
Net Operating Income	$ 74.6	$ 75.0	(0.5)%

Weighted Average Occupancy	90.0%	92.6%	(2.6)pts

The following table shows renewed or re-leased leasing activity and the percentage increase of leasing rates for signed leasing rates compared to expiring leasing rates at the Company's Office Properties owned as of March 31, 2002.

	FOR THE THREE MONTHS ENDED MARCH 31, 2002		
	SIGNED LEASES	EXPIRING LEASES	PERCENTAGE INCREASE
Renewed or Re-leased(1)	585,000 sq. ft.	N/A	N/A
Weighted average full-service rental rate(2)	$ 21.55 per sq. ft.	$ 20.14 per sq.	7.0% ft.
FFO annual net effective rental rate(3)(4)	$ 11.91 per sq. ft.	$ 10.53 per sq.	13.1% ft.

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(1) All of which have commenced or will commence during the next 12 months.

(2) Including free rent, scheduled rent increases taken into account under GAAP and expense recoveries.

(3) Calculated as weighted average full-service rental rate minus operating expenses.

(4) Funds from operations of FFO, based on the revised definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT, effective January 1, 2000, and as used herein, means net income (loss), determined in accordance with GAAP excluding gains (losses) from sales of depreciable operating property, excluding extraordinary items, as defined by GAAP, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. FFD is a non-GAAP measure and should not be considered an alternative to GAAP measures, including net income and cash generated from operating activities. For a more detailed definition and description of FFO and comparisons to GAAP measures, see "Liquidity and Capital Resources - Funds from Operations," below.

RESORT/HOTEL SEGMENT

On February 14, 2002, the Company executed an agreement with COPI, pursuant to which COPI transferred to subsidiaries of the Company, in lieu of

foreclosure, COPI's lessee interests in the eight Resort/Hotel Properties leased to subsidiaries of COPI. As a result, the subsidiaries of the Company became the lessees of these Resort/Hotel Properties. The Company fully consolidated the operations of the eight Resort/Hotel Properties beginning on the date of the asset transfers.

The following table shows weighted average occupancy, average daily rate and revenue per available room/guest night for the nine Resort/Hotel Properties for the three months ended March 31, 2002 and 2001.

UPSCALE BUSINESS-CLASS HOTELS	FOR THE THREE MONTHS ENDED MARCH 31,		
	2002	2001	PERCENTAGE/ POINT DECREASE
Weighted average occupancy	65 %	73 %	(8) pts
Average daily rate	$ 116	$ 121	(4) %
Revenue per available room/guest night	$ 76	$ 88	(14) %

LUXURY AND DESTINATION FITNESS RESORTS AND SPAS	FOR THE THREE MONTHS ENDED MARCH 31,		
	2002	2001	PERCENTAGE/ POINT INCREASE (DECREASE)
Weighted average occupancy	75 %	79 %	(4) pts
Average daily rate	$ 515	$ 507	2 %
Revenue per available room/guest night	$ 378	$ 396	(5) %

As of March 31, 2002, the Company owned nine Resort/Hotel Properties. The following table shows Resort/Hotel Property same-store net operating income for the three months ended March 31, 2002 and 2001, for the nine Resort/Hotel Properties owned during both of these periods.

	FOR THE THREE MONTHS ENDED MARCH 31,		
	2002	2001	PERCENTAGE DECREASE
(DOLLARS IN THOUSANDS)			
Upscale Business-Class Hotels	$ 4,353	$ 5,215	(17) %
Luxury and Destination Fitness Resorts and Spas	10,770	11,956	(10)

All Resort/Hotel Properties	$ 15,123	$ 17,171	(12) %

RESIDENTIAL DEVELOPMENT SEGMENT

On February 14, 2002, the Company executed an agreement with COPI, pursuant to which COPI transferred to subsidiaries of the Company, pursuant to a strict foreclosure, COPI's voting interests in three of the Residential Development Corporations: The Woodlands Land Company, Inc. ("TWLC"), Desert Mountain Development Corporation ("DMDC") and Crescent Resort Development, Inc. ("CRDI"). The Company fully consolidated the operations of the three Residential Development Corporations beginning on the dates of the asset transfers. Management plans to reinvest returned capital from the Residential Development Segment primarily into the Office Segment where the Company expects to achieve favorable rates of return.

As of March 31, 2002, the Company owned or had economic interests in five Residential Development Corporations. The Residential Development Corporations in turn, through joint ventures or partnership arrangements, currently own interests in 22 Residential Development Properties. The Residential Development Corporations are responsible for the continued development and the day-to-day operations of the Residential Development Properties.

The Woodlands Land Development Company, L.P. and The Woodlands Commercial Properties Company, L.P. (collectively "The Woodlands"), The Woodlands, Texas:

The following table shows residential lot sales at an average price per lot and commercial land sales at an average price per acre.

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2002	2001
Residential lot sales	227	381
Average sales price per lot	$ 52,000	$ 69,000
Commercial land sales	34 acres	3 acres
Average sales price per acre	$ 274,000	$ 470,000

- Average sales price per lot decreased by $17,000, or 24.6%, due to fewer higher priced lots sold from the Carlton Woods development in the three months ended March 31, 2002, compared to the same period in 2001.

- Carlton Woods is The Woodlands' new upscale residential development. It is a

gated community consisting of 491 lots located around a Jack Nicklaus signature golf course. As of March 31, 2002, 215 lots had been sold at prices ranging from $0.1 million to $1.0 million per lot, or an average price of $342,000 per lot. Additional phases within Carlton Woods are expected to be marketed to the public during the next two years.

- Future buildout of The Woodlands is estimated at approximately 12,850 residential lots and approximately 1,625 acres of commercial land, of which approximately 1,447 residential lots and 1,000 acres are currently in inventory.

Desert Mountain Properties Limited Partnership ("Desert Mountain"), Scottsdale, Arizona:

The following table shows residential lot sales at an average price per lot.

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2002	2001
Residential lot sales	23	19
Average sales price per lot(1)	$671,000	$612,000

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(1) Including equity golf memberships.

- With the higher priced residential lots being completed during the latter phases of development at Desert Mountain, the average sales price per lot was $671,000 for the three months ended March 31, 2002, which is a $59,000, or 9.6% increase over the same period in 2001.

- Approved future buildout of Desert Mountain is estimated to be approximately 250 residential lots, of which approximately 138 are currently in inventory.

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Crescent Resort Development, Inc., Beaver Creek, Colorado:

The following table shows total active projects, residential lot and residential unit sales and average sales price per lot and unit.

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2002	2001

Active projects	15	12
Residential lot sales	4	2
Residential unit sales:		
Townhome sales	1	4
Condominium sales	158	9
Timeshare equivalent unit sales	5	--
Average sales price per residential lot	$ 51,000	$ 240,000
Average sales price per residential unit	$ 0.5 million	$ 1.4 million
Average sale price per timeshare unit	$ 1.2 million	$ -- million

o Average sales price per lot decreased by $189,000 or 78.8%, and average sales price per unit decreased $0.9 million, or 64.3%, due to lower priced product mix sold in the three months ended March 31, 2002, as compared to the same period in 2001.

o The increase in units sold is due to a lower priced product mix sold during the three months ended March 31, 2002, compared to the same period in 2001.

TEMPERATURE-CONTROLLED LOGISTICS SEGMENT

As of March 31, 2002, the Company held a 40% interest in the Temperature-Controlled Logistics Partnership, which owns the Temperature-Controlled Logistics Corporation, which directly or indirectly owns the 89 Temperature-Controlled Logistics Properties, with an aggregate of approximately 445.2 million cubic feet (17.7 million square feet) of warehouse space.

The Temperature-Controlled Logistics Corporation leases the Temperature-Controlled Logistics Properties to a partnership ("AmeriCold Logistics") owned 60% by Vornado Operating L.P. and 40% by a subsidiary of COPI. The Company has no interest in AmeriCold Logistics.

AmeriCold Logistics, as sole lessee of the Temperature-Controlled Logistics Properties, leases the Temperature-Controlled Logistics Properties from the Temperature-Controlled Logistics Corporation under three triple-net master leases, as amended. On February 22, 2001, the Temperature-Controlled Logistics Corporation and AmeriCold Logistics agreed to restructure certain financial terms of the leases, including the adjustment of the rental obligation for 2001 to $146.0 million, the adjustment of the rental obligation for 2002 to $150.0 million (plus contingent rent in certain circumstances), the increase of the Temperature-Controlled Logistics Corporation's share of capital expenditures for the maintenance of the properties from $5.0 million to $9.5 million (effective January 1, 2000) and the extension of the date on which deferred rent was required to be paid to December 31, 2003.

AmeriCold Logistics deferred $3.0 million of the total $35.0 million of rent for the three months ended March 31, 2002. The Company's share of the deferred rent was $1.2 million and the Company recorded a 100% valuation allowance for the deferred rent. In December 2001, the Temperature Controlled Logistics Corporation waived its right to collect $39.8 million of the total $49.9 million of deferred rent, of which the Company's share was $15.9 million. The Temperature-Controlled Logistics Corporation and the Company began to recognize rental income when earned and collected during the year ended December 31, 2000 and continued this accounting treatment for the year ended December 31, 2001 and the quarter ended March 31, 2002; therefore, there was no financial statement impact to the Temperature-Controlled Logistics Corporation or to the Company related to the Temperature-Controlled Logistics Corporation's decision to waive collection of deferred rent.

The following table shows the total, and the Company's portion of, deferred rent and valuation allowance at December 31, 2001 and for the three months ended March 31, 2002.

(IN MILLIONS)	DEFERRED RENT		VALUATION ALLOWANCE	
	TOTAL	COMPANY'S PORTION	TOTAL	COMPANY'S PORTION
Balance at December 31, 2001	$ 10.1	$ 3.9	$ --	$ --
For the three months ended March 31, 2002	3.0	1.2	3.0	1.2
	$ 13.1	$ 5.1	$ 3.0	$ 1.2

RESULTS OF OPERATIONS

The following table shows the Company's financial data as a percentage of total revenues for the three months ended March 31, 2002 and 2001 and the variance in dollars between the three months ended March 31, 2002 and 2001. See "Note 6. Segment Reporting" included in "Item 1. Financial Statements" for financial information about investment segments.

	FINANCIAL DATA AS A PERCENTAGE OF TOTAL REVENUES FOR THE THREE ENDED MARCH 31,	
	2002	2001
REVENUE:		
Office Property	61.7 %	86.0 %
Resort/Hotel Property	16.6	8.9
Residential Development Property	20.7	--
Interest and other income	1.0	5.1
TOTAL REVENUE	100.0 %	100.0 %
EXPENSE:		
Office Property operating expense	28.3 %	37.2 %

Resort/Hotel Property expense	10.3	--
Residential Development Property expense	18.2	--
Corporate general and administrative	2.8	3.0
Interest expense	18.2	26.7
Amortization of deferred financing costs	1.0	1.3
Depreciation and amortization	14.5	17.0
Impairment and other charges related to real estate assets	--	1.2
TOTAL EXPENSE	93.3 %	86.4 %
OPERATING INCOME	6.7 %	13.6 %
OTHER INCOME AND EXPENSE:		
Equity in net income (loss) of unconsolidated companies:		
Office properties	0.6 %	0.6 %
Residential development properties	5.4	6.0
Temperature-controlled logistics properties	(0.1)	1.5
Other	(1.8)	1.1
TOTAL EQUITY IN NET INCOME FROM UNCONSOLIDATED COMPANIES	4.1 %	9.2 %
Gain on property sales, net	--	0.2
TOTAL OTHER INCOME AND EXPENSE	4.1 %	9.4 %
INCOME BEFORE MINORITY INTERESTS, INCOME TAXES, DISCONTINUED OPERATIONS AND CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	10.8 %	23.0 %
Minority interests	(3.4)	(5.5)
Income tax benefit	1.8	--
INCOME BEFORE DISCONTINUED OPERATIONS AND CUMULATIVE EFFECT OF A CHANGE IN AN ACCOUNTING PRINCIPLE	9.2 %	17.5 %
Discontinued operations - income and gain on assets sold and held for sale	1.3	0.1
Cumulative effect of a change in accounting principle	(4.5)	--
NET INCOME	6.0 %	17.6 %
6 3/4% Series A Preferred Share distributions	(1.4)	(1.9)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	4.6 %	15.7 %

COMPARISON OF THE THREE MONTHS ENDED MARCH 31, 2002 TO THE THREE MONTHS ENDED MARCH 31, 2001

Total revenues increased $54.1 million, or 30.4%, to $231.8 million for the quarter ended March 31, 2002, as compared to $177.7 million for the quarter ended March 31, 2001. The primary components of the increase are:

- an increase in Resort/Hotel Property revenue of $22.6 million due to the consolidation, beginning February 14, 2002, of the operations of eight of the Resort/Hotel Properties, as a result of the COPI transaction (previously the Company recognized a lease payment);
- the inclusion of Residential Development Property Revenue of $48.1 million due to the consolidation of three Residential Development Corporations beginning February 14, 2002, as a result of the COPI transaction,(previously the Company recorded its share of earnings under the equity method); partially offset by
- a decrease in Office Property revenue of $9.8 million primarily due to the disposition five Office Properties in 2001 and the contribution of two Office Properties to joint venture in 2001; and
- a decrease in interest and other income of $6.8 million.

Total expense increased $62.7 million, or 40.8%, to $216.2 million for the three months ended March 31, 2002, as compared to $153.5 million for the three months ended March 31, 2001. The primary components of this increase are:

- an increase in Resort/Hotel Property expense of $24.0 million due to the consolidation of eight of the Resort/Hotel Properties, beginning February 14, 2002, as a result of the COPI transaction; and
- an increase in Residential Development Property expense of $42.2 million due to the consolidation of three Residential Development Corporations beginning February 14, 2002, as a result of the COPI transaction; partially offset by
- a decrease in interest expense of $5.2 million.

Other income and expense decreased $7.2 million, or 43.4%, to $9.4 million for the three months ended March 31, 2002, as compared to $16.6 million for the three months ended March 31, 2001, primarily as a result of:

- a decrease in equity in net income of unconsolidated companies of $6.9 million; and
- a decrease in gain on property sales of $0.3 million.

Net income decreased $17.3 million, or 55.3%, to $14.0 million for the three months ended March 31, 2002, as compared to $31.3 million for the three months ended March 31, 2001, primarily as a result of:

- the changes in total revenue, total expense and other income and expense described above; and
- a loss of $10.5 million resulting from a cumulative effect of a change in accounting principle for the three months ended March 31, 2002, resulting in a charge that is primarily attributable to an impairment (net of minority interests and taxes) of the goodwill of the Temperature-Controlled Logistics Corporation and one of the Residential Development Corporations; partially offset by

- an income tax benefit of $4.3 million of tax expense, which includes a current tax expense of $2.4 million, offset by a tax benefit of $6.7 million that resulted from the temporary difference between the financial reporting basis and the respective tax basis of the hotel leases acquired as part of the COPI transaction; and

- an increase in income from discontinued operations from assets held for sale of $3 million, primarily due to the gain on a sale of one Office Property; partially offset by an impairment charge of $0.6 million related to a behavioral healthcare property.

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OFFICE SEGMENT

	FOR THE THREE MONTHS ENDED MARCH 31,		VARIANCE	
(in millions)	2002	2001	$	%
Office Property Revenue	$143.0	$152.8	$ (9.8)	(6.4)%
Office Property Operating Expense	65.5	66.0	(0.5)	(0.8)%
Equity in Earnings of Unconsolidated office properties	1.3	1.1	0.2	18.2%

Office Property revenue decreased $9.8 million, or 6.4%, to $143.0 million for the three months ended March 31, 2002, as compared to $152.8 million for the three months ended March 31, 2001. The components of the decrease are as follows:

- decreased revenue of $12.0 million due to the disposition of five Office Properties in 2001; and the contribution of two Office Properties to joint ventures in 2001;

- decreased other revenue of $1.2 million; partially offset by

- increased revenue of $3.4 million primarily as a result of increased full-service weighted average rental rates due to renewals at the Greenway Plaza Office Property and the Houston Center Office Property.

Office Property operating expense decreased $0.5 million, or 0.8%, to $65.5 million for the three months ended March 31, 2002, as compared to $66.0 million for the three months ended March 31, 2001. The primary components of the decrease are as follows:

- decreased expenses of $3.8 million due to the disposition of five Office Properties in 2001; and the contribution of two Office

Properties to joint ventures in 2001;

- decreased office property utility expense of $2.9 million due to an energy contract effective for certain Texas Properties during the quarter ended March 31, 2002; partially offset by

- increased expenses of $6.0 million from the consolidated Office Properties that the Company owned or had an interest in as of March 31, 2002, primarily as a result of increased operating expenses due to security, insurance and the timing of repairs and maintenance.

RESORT/HOTEL SEGMENT

On February 14, 2002, the Company executed an agreement with COPI, pursuant to which COPI transferred to subsidiaries of the Company, in lieu of foreclosure, COPI's lessee interests in the eight Resort/Hotel Properties leased to subsidiaries of COPI. The financial statements reflect the consolidation of the operations for these eight Resort/Hotel Properties for the period February 14, 2002 through March 31, 2002. Revenues prior to February 14, 2002 represent lease payments to the Company.

	FOR THE THREE MONTHS ENDED MARCH 31,		VARIANCE	
(in millions)	2002	2001	$	%
Resort/Hotel Property Revenue	$ 38.5	$ 15.9		
Resort/Hotel Property Expense	(23.9)	--		
Net Operating Income	$ 14.6	$ 15.9	$ (1.3)	(8.2)%

See "Resort/Hotel Segment" above for same-store net operating income variance.

Resort/Hotel Property net operating income decreased $1.3 million, or 8.2%, to $14.6 million for the three months ended March 31, 2002, as compared to $15.9 million for the three months ended March 31, 2001. The primary components of the decrease are as follows:

- decrease in occupancy from 79% to 75% at the luxury and destination fitness resorts and spas; and

- decrease in occupancy from 73% to 65%, and average daily rates from $121 to $116 at the business-class hotels.

RESIDENTIAL DEVELOPMENT SEGMENT

On February 14, 2002, the Company executed an agreement with COPI, pursuant to which COPI transferred to subsidiaries of the Company, in lieu of foreclosure, COPI's voting interests in three of the Residential Development

Corporations: TWLC, DMDC and CRDI. The Company fully consolidated the operations of the three Residential Development Corporations beginning on the date of the asset transfers.

(in millions)	FOR THE THREE MONTHS ENDED MARCH 31, 2002	2001	VARIANCE $	%
Residential Development Property Revenue	$ 48.1	$ --		
Residential Development Property Expense	(42.2)	--		
Depreciation/Amortization	(0.9)	--		
Equity in net income of Unconsolidated Residential Development Properties	12.5	10.7		
Minority Interests	(1.3)	--		
Income Tax Provision	(2.2)	--		
Net Operating Income	$ 14.0	$ 10.7	$ 3.3	30.8 %

Residential Development Property net operating income increased $3.3 million, or 30.8%, to $14.0 million for the three months ended March 31, 2002, as compared to $10.7 million for the three months ended March 31, 2001. The primary components of the increase in net operating income are:

- $6.0 million gain due to the disposition of two properties at the Woodlands and sales of commercial acreage at the Woodlands; partially offset by
- lower lot sales of $0.9 million due to a lower number of lot sales at the Woodlands Land Development Company and HADC; and
- $1.4 million reduced capitalized interest at CRDI.

TEMPERATURE-CONTROLLED LOGISTICS SEGMENT

(in millions)	FOR THE THREE MONTHS ENDED MARCH 31, 2002	2001	VARIANCE $	%
Equity in earnings (loss) of unconsolidated Temperature-Controlled Logistics Properties	$ (0.3)	$ 2.7	$ (3.0)	(111.1)%

Temperature-Controlled Logistics equity in earnings (loss) of unconsolidated properties decreased $3.0 million, or 111.1%, to a $0.3 million loss for the three months ended March 31, 2002, as compared to $2.7 million of earnings for the three months ended March 31, 2001. This decrease is primarily due to the Company's $1.2 million portion of the valuation allowance related to the deferred rent recorded in 2002, and $1.7 million portion of the deferred partnership costs recorded in 2002; no such deferred rent or deferred

partnership costs were recorded during the same period in 2001.

INTEREST AND OTHER INCOME

Interest and other income decreased $6.8 million, or 75.6%, to $2.2 million for the three months ended March 31, 2002, compared to $9.0 million for the three months ended March 31, 2001. The primary components of the decrease are as follows:

- decreased interest income from COPI of $2.1 million;
- decreased payments from Charter Behavioral Health Systems, LLC of $1.5 million;
- decreased dividend income of $0.8 million due to the sale of marketable securities in 2001; and
- decreased interest income of $1.3 million due to lower overnight interest rates and lower restricted cash balances.

INTEREST EXPENSE

The decrease in interest expense of $5.2 million, or 10.9%, for the three months ended March 31, 2002, as compared to the same period in 2001, is primarily attributable to a decrease in the weighted average interest rate of 0.94% (from 8.39% to 7.45%), or $5.4 million of interest expense, due to the debt refinancing in May of 2001 and lower LIBOR rates, partially offset by an increase in the average debt balance.

INCOME TAX BENEFIT

The Company's $4.3 million total consolidated income tax benefit at March 31, 2002 includes tax expense related to the operations of the TRS of $2.4 million, offset by a tax benefit of $6.7 million. The $6.7 million benefit results from the temporary difference between the financial reporting basis and the respective tax basis of the hotel leases acquired as part of the Company's agreement with COPI. This temporary difference will be reversed over an estimated five-year period, which is the remaining lease term of the hotel leases. The anticipated reversal of the tax benefit for the full year 2002 will total approximately $1.5 million. Cash paid for income taxes in the first quarter of 2002 totaled approximately $2.0 million.

DISCONTINUED OPERATIONS

The income from discontinued operations from assets held for sale increased $3.0 million, or 1500%, to $3.1 million for the three months ended March 31, 2002, compared to $0.1 million for the three months ended March 31, 2001. This increase is primarily due to:

- gain on disposals of $3.7 million (net of minority interest) primarily due to the sale of the Cedar Springs Plaza Office Property; partially offset by

- impairment charge of $0.6 million related to a behavioral healthcare property. This amount represents the difference between the carrying value and the estimated sales price less costs of the sale for this property.

CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of SFAS No. 142, "Goodwill and Other Intangible Assets," the Company reported a cumulative effect of a change in accounting principle for the three months ended March 31, 2002, which resulted in a charge of $10.5 million. This charge is due to an impairment (net of minority interests and taxes) of the goodwill of the Temperature-Controlled Logistics Corporation and one of the Residential Development Corporations.

LIQUIDITY AND CAPITAL RESOURCES

	FOR THE THREE MONTHS ENDED MARCH 31,		
	2002	2001	$ CHANGE
(in millions)			
Cash Provided by Operating Activities	$ 28.6	$ 17.1	$ 11.5
Cash Provided by (Used in) Investing Activities	15.8	(23.2)	39.0
Cash (Used in) Provided by Financing Activities	(13.8)	3.0	(16.8)
Increase (Decrease) in Cash and Cash Equivalents	$ 30.6	$ (3.1)	$ 33.7
Cash and Cash Equivalents, Beginning of Period	36.3	39.0	(2.7)
Cash and Cash Equivalents, End of Period	$ 66.9	$ 35.9	$ 31.0

OPERATING ACTIVITIES

The Company's cash provided by operating activities of $28.6 million is attributable to:

- $29.3 million from Property operations; and

- an $0.9 million increase representing distributions in excess of equity in earnings from unconsolidated entities.

The Company's cash provided by operating activities is partially offset by:

- a $1.6 million decrease representing equity in earnings in excess of distributions from unconsolidated entities.

INVESTING ACTIVITIES

The Company's cash provided by investing activities of $15.8 million is attributable to:

- $38.2 million in cash resulting from the Company's February 14, 2002 transaction with COPI;
- $11.9 million of net sales proceeds primarily attributable to the disposition of the Cedar Springs Office Property; and
- $7.5 million from return of investment in unconsolidated Residential Development Properties and Office Properties.

The Company's cash provided by investing activities is partially offset by:

- $14.2 million of additional investment in unconsolidated companies, consisting of investments in (i) the upscale Residential Development Properties of $14.2 million, primarily as a result of CRDI'sinvestment in the Tahoe Mountain Resorts;
- $10.3 million for capital expenditures for rental properties, primarily attributable to nonrecoverable building improvements for the Office Properties and replacement of furniture, fixtures and equipment for the Resort/Hotel Properties;
- $8.4 million for acquisition of certain rental properties; and
- $8.3 million for recurring and non-recurring tenant improvement and leasing costs for certain rental properties.

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FINANCING ACTIVITIES

The Company's use of cash for financing activities of $13.8 million is primarily attributable to:

- distributions to common shareholders and unitholders of $44.3 million;
- decrease in notes payable of $14.4 million;
- net capital distributions to joint venture partners of $3.6 million, primarily due to distributions to joint venture preferred equity partners; and
- distributions to preferred shareholders of $3.4 million.

The use of cash for financing activities is partially offset by:

- net borrowings under the Fleet Facility of $51.5 million.

COPI

In April 1997, the Company established a new Delaware corporation, COPI. All of the outstanding common stock of COPI, valued at $0.99 per share, was distributed, effective June 12, 1997, to those persons who were limited

partners of the Operating Partnership or shareholders of the Company on May 30, 1997, in a spin-off.

COPI was formed to become a lessee and operator of various assets to be acquired by the Company and to perform the intercompany agreement between COPI and the Company, pursuant to which each agreed to provide the other with rights to participate in certain transactions. The Company was not permitted to operate or lease these assets under the tax laws in effect at that time and applicable to REITs. In connection with the formation and capitalization of COPI, and the subsequent operations and investments of COPI since 1997, the Company made loans to COPI under a line of credit and various term loans.

On January 1, 2001, The REIT Modernization Act became effective. This legislation allows the Company, through its subsidiaries, to operate or lease certain of its investments that had been previously operated or leased by COPI.

On February 14, 2002, the Company executed an agreement (the "Agreement") with COPI, pursuant to which COPI transferred to subsidiaries of the Company, in lieu of foreclosure, COPI's lessee interests in the eight Resort/Hotel Properties leased to subsidiaries of COPI, and, pursuant to a strict foreclosure, COPI's voting interests in three of the Company's Residential Development Corporations and other assets; and the Company agreed to assist and provide funding to COPI for the implementation of a prepackaged bankruptcy of COPI. In connection with the transfer, COPI's rent obligations to the Company were reduced by $23.6 million, and its debt obligations were reduced by $40.1 million. These amounts include $18.3 million of value attributed to the lessee interests transferred by COPI to the Company, however, in accordance with GAAP, the Company assigned no value to these interests for financial reporting purposes.

The Company holds the lessee interests in the eight Resort/Hotel Properties and the voting interests in the three Residential Development Corporations through three newly organized entities that are wholly owned taxable REIT subsidiaries of the Company. The Company has included these assets in its Resort/Hotel Segment and its Residential Development Segment, and fully consolidated the operations of the eight Resort/Hotel Properties and the three Residential Development Corporations, beginning on the date of the transfers of these assets.

Under the Agreement, the Company will provide approximately $14.0 million to COPI in the form of cash and common shares of the Company to fund costs, claims and expenses relating to the bankruptcy and related transactions, and to provide for the distribution of the Company's common shares to the COPI stockholders. As of March 31, 2002, the Company estimated that the value of the common shares that will be issued to the COPI stockholders will be between approximately $5.0 million and $8.0 million. The Agreement provides that COPI and the Company will seek to have a plan of reorganization for COPI, reflecting the terms of the Agreement and a draft plan of reorganization, approved by the bankruptcy court. The actual value of the common shares issued to the COPI stockholders will not be determined until the confirmation of COPI's bankruptcy plan and could vary substantially from the estimated amount.

In addition, the Company has agreed to use commercially reasonable efforts to assist COPI in arranging COPI's repayment of its $15.0 million obligation to Bank of America, together with any accrued interest. COPI obtained the loan primarily to participate in investments with the Company. At the time COPI obtained the loan, Bank of America required, as a condition to making the loan, that Richard E. Rainwater, the Chairman of the Board of Trust Managers of the Company, and John C. Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, enter into a support agreement with COPI and Bank of America, pursuant to which they agreed to make additional equity investments in COPI if COPI defaulted on payment obligations under its line of credit with Bank of America and the net proceeds of an offering of COPI securities were insufficient to allow COPI to pay Bank of America in full. The Company believes, based on advice of counsel, that the support agreement should be unenforceable in a COPI bankruptcy. Effective December 31, 2001, the parties executed an amendment to the line of credit providing that any defaults existing under the line of credit on or before March 8, 2002 are temporarily cured unless and until a new default shall occur.

Completion and effectiveness of the plan of reorganization for COPI is contingent upon a number of conditions, including the vote of COPI's stockholders, the approval of the plan by certain of COPI's creditors and the approval of the bankruptcy court.

INVESTMENTS IN REAL ESTATE MORTGAGES AND EQUITY OF UNCONSOLIDATED COMPANIES

Investments in which the Company does not have a controlling interest are accounted for under the equity method. The following is a summary of the Company's ownership in significant joint ventures or equity investments:

ENTITY	CLASSIFICATION
Mira Vista Development Corp.	Residential Development Corporation
Houston Area Development Corp.	Residential Development Corporation
The Woodlands Land Development Company, L.P.(1)	Residential Development Corporation
Desert Mountain Commercial, L.L.C.(1)	Residential Development Corporation
East West Resorts Development II, L.P., L.L.L.P.(1)	Residential Development Corporation
Blue River Land Company, L.L.C.(1)	Residential Development Corporation
Iron Horse Investments, L.L.C.(1)	Residential Development Corporation
Manalapan Hotel Partners(1)	Residential Development Corporation
Temperature-Controlled Logistics Partnership	Temperature-Controlled Logistics
Main Street Partners, L.P.	Office (Bank One Center)
The Woodlands Commercial Properties Company, L.P.	Office
Crescent 5 Houston Center, L.P.	Office (5 Houston Center)
Austin PT BK One Tower Office Limited Partnership	Office (Bank One Tower)
Houston PT Four Westlake Office Limited Partnership	Office (Four Westlake Park)
DBL Holdings, Inc.	Other
CR License, L.L.C	Other
Woodlands Operating Company, L.P.	Other

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(1) On February 14, 2002, the Company executed an agreement with COPI, pursuant to which COPI transferred to subsidiaries of the Company, pursuant to a strict foreclosure, COPI's interests in substantially all of the voting stock in three of the Company's Residential Development

Corporations (Desert Mountain Development Corporation ("DMDC"), The Woodlands Land Company, Inc. ("TWLC"), and Crescent Resort Development, Inc. ("CRDI")), and in CRL Investments, Inc. ("CRLI"). As a result, the Company fully consolidated the operations of these entities beginning on the dates of the asset transfers. Desert Mountain Commercial, L.L.C. is an unconsolidated equity investment of DMDC. The Woodlands Land Development Company, L.P. is an unconsolidated equity investment of TWLC. East West Resorts Development II, L.P., L.L.L.P., Blue River Land Company, L.L.C., Iron Horse Investments, L.L.C., and Manalapan Hotel Partners, (collectively, the "CRD Subsidiaries") are unconsolidated equity investments of CRDI.

(2) See the Residential Development Properties Table for the Residential Development Corporation's ownership interest in the Residential Development Properties.

(3) The remaining 6.0% interest in Mira Vista Development, Corp. ("MVDC"), which represents 100% of the voting stock, is owned 4.0% by DBL Holdings, Inc. ("DBL") and 2.0% by third parties.

(4) The remaining 6.0% interest in Houston Area Development Corp. ("HADC"), which represents 100% of the voting stock, is owned 4.0% by DBL and 2.0% by a third party.

(5) The remaining 57.5% interest in The Woodlands Land Development Company, L.P. and The Woodlands Operating Company, L.P. is owned by an affiliate of Morgan Stanley.

(6) Distributions are made to partners based on specified payout percentages. During the three months ended March 31, 2002, the payout percentage to the Company was 52.5%.

(7) The remaining 53.5% interest in Desert Mountain Commercial, L.L.C. is owned by parties unrelated to the Company.

(8) Of the remaining 61.5% interest in East West Resorts Development II, L.P., L.L.L.P., 0.8% is indirectly owned by John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, through his 20% ownership of COPI Colorado, L.P. and 60.7% is owned by parties unrelated to the Company.

(9) Of the remaining 68.2% interest in Blue River Land Company, L.L.C., 0.7% is indirectly owned by John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, through his 20% ownership of COPI Colorado, L.P. and 67.5% is owned by parties unrelated to the Company.

(10) Of the remaining 72.9% interest in Iron Horse Investments, L.L.C., 0.6% is indirectly owned by John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, through his 20% ownership of COPI Colorado, L.P. and 72.3% is owned by parties unrelated to the Company.

(11) Of the remaining 76.0% interest in Manalapan Hotel Partners, 0.5% is indirectly owned by John Goff, Vice-Chairman of the Board of Trust

Managers and Chief Executive Officer of the Company, through his 20% ownership of COPI Colorado, L.P. and 75.5% is owned by parties unrelated to the Company.

(12) The remaining 60.0% interest in the Temperature-Controlled Logistics Partnership is owned by Vornado Realty Trust, L.P.

(13) The remaining 50.0% interest in Main Street Partners, L.P. is owned by TrizecHahn Corporation.

(14) The remaining 57.5% interest in The Woodlands Commercial Properties Company, L.P. is owned by an affiliate of Morgan Stanley.

(15) The remaining 75% interest in Crescent 5 Houston Center, L.P. is owned by a pension fund advised by JP Morgan Investment Management, Inc. The Company recorded $279 in development, management and leasing fees, related to this investment during the three months ended March 31, 2002. The 5 Houston Center Office Property is currently under construction.

(16) The remaining 80% interest in Austin PT BK One Tower Office Limited Partnership and Houston PT Four Westlake Office Limited Partnership is owned by an affiliate of General Electric Pension Fund. The Company recorded $0.1 million in management and leasing fees for these Office Properties during the three months ended March 31, 2002.

(17) John Goff, Vice-Chairman of the Board of Trust Managers and Chief Executive Officer of the Company, obtained the remaining 2.6% economic interest in DBL (including 100% of the voting interest in DBL) in exchange for his voting interests in MVDC and HADC, originally valued at approximately $0.4 million, and approximately $0.1 million in cash, or total consideration valued at approximately $0.4 million. At March 31, 2002, Mr. Goff's interest in DBL was approximately $0.4 million.

(18) The remaining 70% interest in CR License, LLC is owned by a group of individuals unrelated to the Company.

UNCONSOLIDATED PROPERTY DISPOSITIONS

During the three months ended March 31, 2002, the Woodlands CPC sold two office properties located within The Woodlands, Texas. The sales generated net proceeds, after the repayment of debt, of approximately $8.9 million, of which the Company's portion was approximately $4.7 million. The sales generated a net gain of approximately $11.5 million, of which the Company's portion was approximately $6.0 million. The proceeds received by the Company were used primarily for working capital purposes.

CONSOLIDATED PROPERTY DISPOSITIONS

Office Segment

During the three months ended March 31, 2002, the Company completed the sale of the Cedar Springs Plaza Office Property in Dallas, Texas. The sale generated net proceeds of approximately $12.0 million and a net gain of approximately $4.5 million. The proceeds from the sale of the Cedar Springs Plaza Office Property were used primarily to pay down the existing line of credit.

SALE OF PREFERRED EQUITY INTERESTS IN SUBSIDIARY

During the year ended December 31, 2000, the Company formed Funding IX and contributed seven Office Properties and two Resort/Hotel Properties to Funding IX. As of March 31 2002, Funding IX held seven Office Properties and one

Resort/Hotel Property. The Company owns 100% of the common voting interests in Funding IX, 0.1% in the form of a general partner interest and 99.9% in the form of a limited partner interest.

As of March 31, 2002, GMACCM held $218.4 million of non-voting, redeemable preferred Class A Units in Funding IX (the "Class A Units"). The Class A Units receive a preferred variable-rate dividend previously calculated at LIBOR plus 450 basis points. Beginning March 16, 2002, the preferred variable-rate dividend increased to LIBOR plus 550 basis points, which resulted in a dividend rate of approximately 7.38% per annum as of March 31, 2002. The Class A Units are redeemable at the option of the Company at the original purchase price.

Subsequent to March 31, 2002, the Company redeemed approximately $101.1 million of the Class A Units from GMACCM.

Funding IX loaned the net proceeds of the sale of Class A Units in Funding IX and a portion of the net proceeds from the sale of one of the Resort/Hotel Properties held by Funding IX, through an intracompany loan to SH IX, for the purchase of common shares of the Company. See "Share Repurchase Program" below. This intracompany loan is eliminated in consolidation. The loan from Funding IX to SH IX matures March 15, 2003 and the Company intends to repay the loan of approximately $285.0 million at or prior to that time. The proceeds received by Funding IX will be used to redeem Class A Units.

SHARE REPURCHASE PROGRAM

On October 15, 2001, the Company's Board of Trust Managers authorized an increase in the amount of outstanding common shares that can be repurchased from time to time in the open market or through privately negotiated transactions (the "Share Repurchase Program") from $500.0 million to $800.0 million.

The Company commenced its Share Repurchase Program in March 2000. As of March 31, 2002, the Company had repurchased 18,756,423 common shares, 20,286 of which have been retired, at an average price of $19.09 per common share for an aggregate of approximately $358.1 million. As of March 31, 2002, the Company held 14,468,623 of the repurchased common shares in SH IX, a wholly-owned subsidiary. The 14,468,623 common shares were repurchased with the net proceeds of the sale of Class A Units in Funding IX and with a portion of the net proceeds from the sale of one of the Properties held by Funding IX. See "Sale of Preferred Equity Interests in Subsidiary " above. These common shares are consolidated as treasury shares in conformity with GAAP. However, these shares are held in SH IX until all of the Class A Units are redeemed. Distributions will continue to be paid on these repurchased common shares and will be used to pay dividends on the Class A Units.

The Company expects the Share Repurchase Program to continue to be funded through a combination of debt, equity, joint venture capital and selected asset disposition alternatives available to the Company. The amount of common shares that the Company will actually purchase will be determined from time to time, in its reasonable judgment, based on market conditions and the availability of funds, among other factors. There can be no assurance that any number of common shares will actually be purchased within any particular time

period.

SERIES A PREFERRED OFFERING

On April 26, 2002, the Company completed an institutional placement (the "April 2002 Series A Preferred Offering") of 2.8 million shares of 6 3/4% Series A Convertible Cumulative Preferred Shares (the "Series A Preferred Shares") with a liquidation preference of $25.00 per share. The Series A Preferred Shares are convertible at any time, in whole or in part, at the option of the holders thereof into common shares of the Company at a conversion price of $40.86 per common share (equivalent to a conversion rate of .6119 common shares per Series A Preferred Share), subject to adjustment in certain circumstances. Net proceeds to the Company from the April 2002 Series A Preferred Offering after underwriting discounts and other offering costs of approximately $2.2 million were approximately $48.2 million. The net proceeds from the April 2002 Series A Preferred Offering were used to redeem Class A Units from GMACCM.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets" (effective January 1, 2002). SFAS No. 142 specifies that goodwill and certain other types of intangible assets may no longer be amortized, but instead are subject to periodic impairment testing. If an impairment charge is required, the charge is reported as a change in accounting principle and is included in operating results as a Cumulative Effect of a Change in Accounting Principle. SFAS No. 142 provides for a transitional period of up to 12 months. Any need for impairment must be assessed within the first six months and the amount of impairment must be determined within the next six months. Any additional impairment taken in subsequent interim periods during 2002 related to the initial adoption of this statement will require the first quarter financial statements to be restated. During the three months ended March 31, 2002 the Company recognized a goodwill impairment charge of approximately $10.5 million due to the initial application of this statement. This charge was due to impairments (net of minority interests and taxes) of the goodwill at the Temperature-Controlled

Logistics Corporation and one of the Residential Development Corporations. This charge is reported as a change in accounting principle and is included in the Company's consolidated statements of operations as a "Cumulative Effect of a Change in Accounting Principle" for the three months ended March 31, 2002.

In prior periods, the Company tested goodwill for impairment under the provisions of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets," under which an impairment loss is recognized when expected undiscounted future cash flows are less than the carrying value of the asset. For the year ended December 31, 2001, the expected future operating cash flows of the Temperature-Controlled Logistics Corporation on an undiscounted basis exceeded the carrying amounts of the properties and other long-lived assets, including goodwill. Accordingly, no impairment was recognized under SFAS No. 121. Upon the adoption of SFAS No. 142, the Temperature-Controlled Logistics Corporation compared the fair value of the Temperature-Controlled Logistics Properties based on discounted cash flows to the carrying value of the Temperature-Controlled Logistics Properties and the related goodwill. Based on this test, the fair value did not exceed the carrying value of the Temperature-Controlled Logistics assets and, accordingly, the goodwill was impaired.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS" No 144") which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 requires that the results of operations, including any gains or losses recognized, be disclosed separately on the Company's consolidated statements of operations. The Company adopted SFAS No. 144 on January 1, 2002. Subsequent to January 1, 2002, the Company sold three Office Properties and classified two other office assets as held for sale. The Company also owned 10 behavioral healthcare properties as of March 31, 2002, which were held for sale. In accordance with SFAS no. 144, the results of operations of these assets have been presented as "Discontinued Operations - Income on Assets Sold and Held for Sale" in the accompanying consolidated statements of operations. The carrying value of the assets held for sale have been reflected as "Properties Held for Disposition, Net" in the accompanying consolidated balance sheet as of December 31, 2001. (See Note 2 to the Consolidated Financial Statements). The adoption of this statement did not materially affect the Company's interim or annual financial statements for the three months ended March 31, 2002. The Company has reclassified certain amounts in prior period financial statements to conform with the new presentation requirements.

LIQUIDITY REQUIREMENTS

As of March 31, 2002, the Company had unfunded capital expenditures of approximately $46.3 million relating to capital investments. The table below specifies the Company's total capital expenditures relating to these projects, amounts funded as of March 31, 2002, amounts remaining to be funded, and short-term and long-term capital requirements.

(IN MILLIONS)				CAPITAL EXPENDI	
PROJECT	TOTAL PROJECT COST(1)	AMOUNT FUNDED AS OF MARCH 31, 2002	AMOUNT REMAINING TO FUND	SHORT-TERM (NEXT 12 MONTHS)(2)	L M
RESIDENTIAL DEVELOPMENT SEGMENT					
Tahoe Mountain Resorts	$ 100.0	$ (80.8)	$ 19.2	$ 19.2	$
OTHER					
SunTx(3)	$ 19.0	$ (7.4)	$ 11.6	$ 4.0	$
Spinco(4)	15.5	--	15.5	15.5	
	$ 34.5	$ (7.4)	$ 27.1	$ 19.5	$
TOTAL	$ 134.5	$ (88.2)	$ 46.3	$ 38.7	$

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(1) All amounts are approximate.

(2) Reflects the Company's estimate of the breakdown between short-term and long-term capital expenditures.

(3) This commitment is related to the Company's investment in a private

equity fund.

(4) The Company has agreed to form and capitalize a separate entity to be owned by the Company's shareholders, and to cause the new entity to commit to acquire COPI's entire membership interest in AmeriCold Logistics.

The Company expects to fund its short-term capital requirements of approximately $38.7 million through a combination of cash, net cash flow from operations, return of capital (investment) from the Residential Development Corporations and borrowings under the Fleet Facility. The Company plans to meet its maturing debt obligations during 2002 of approximately $272.0 million, primarily through replacement debt financing or equity transactions.

The Company expects to meet its other short-term liquidity requirements, consisting of normal recurring operating expenses, regular debt service requirements (including debt service relating to additional and replacement debt), additional interest expense related to the cash flow hedge agreements, recurring capital expenditures, nonrecurring capital expenditures, such as tenant improvement and leasing costs, distributions to shareholders and unitholders, and additional expenses related to the COPI bankruptcy of approximately $9.7 million, primarily through cash flow provided by operating activities. To the extent that the Company's cash flow from operating activities is not sufficient to finance such short-term liquidity requirements, the Company expects to finance such requirements with available cash proceeds received from joint ventures and select property sales, and borrowings under the Fleet Facility or additional debt financing.

The Company expects to fund its long-term capital requirements of approximately $7.6 million with available cash proceeds received from joint ventures and select property sales, borrowings under the Fleet Facility or additional debt financing and return of capital (investment) from the Residential Development Corporations. The Company expects to redeem the approximately $117.3 million of Class A Units in Funding IX with the proceeds from equity offerings, joint ventures and borrowings under the Fleet Facility. The Company's other long-term liquidity requirements as of March 31, 2002 consist primarily of debt maturities after December 31, 2002, which totaled approximately $2.1 billion as of March 31, 2002. The Company expects to meet these long-term liquidity requirements primarily through long-term secured and unsecured borrowings and other debt and equity financing alternatives as well as cash proceeds received from joint ventures and select property sales. The Company also intends to repay the intracompany loan of approximately $285.0 million from Funding IX to SH IX at or prior to maturity on March 15, 2003.

Debt and equity financing alternatives currently available to the Company to satisfy its liquidity requirements and commitments for material capital expenditures include:

- Additional proceeds from the refinancing of existing secured and unsecured debt;
- Additional debt secured by existing underleveraged properties, investment properties, or by investment property acquisitions or developments;

- Issuance of additional unsecured debt;
- Equity offerings including preferred and/or convertible securities; and
- Proceeds from joint ventures and property sales.

The following factors could limit the Company's ability to utilize these financing alternatives:

- The Company may be unable to obtain debt or equity financing on favorable terms, or at all, as a result of the financial condition of the Company or market conditions at the time the Company seeks additional financing;
- Restrictions on the Company's debt instruments or outstanding equity may prohibit it from incurring debt or issuing equity at all, or on terms available under then-prevailing market conditions; and
- The Company may be unable to service additional or replacement debt due to increases in interest rates or a decline in the Company's operating performance.

In addition to the Company's liquidity requirements stated above, as of March 31, 2002, the Company guaranteed or provided letters of credit related to approximately $30.0 million of unconsolidated debt and had obligations to potentially provide an additional $60.0 million in guarantees, primarily related to construction loans. See "Note 7. Investments in Real Estate Mortgages and Equity of Unconsolidated Companies" included "Item 1. Financial Statements" for more information about the Company's unconsolidated investments and the underlying debt related to these investments.

REIT QUALIFICATION

The Company intends to maintain its qualification as a REIT under Section 856 of the Code. As a REIT, the Company generally will not be subject to corporate federal income taxes as long as it satisfies certain technical requirements of the Code, including the requirement to distribute 90% of its REIT taxable income to its shareholders.

DEBT FINANCING ARRANGEMENTS

The significant terms of the Company's primary debt financing arrangements existing as of March 31, 2002 are shown below (dollars in thousands).

DESCRIPTION(1)	MAXIMUM BORROWINGS	INTEREST RATE AT MARCH 31, 2002	MATURITY DATE
SECURED FIXED RATE DEBT:			
AEGON Partnership Note	$ 268,781	7.53%	July 2009

LaSalle Note I	239,000	7.83	August 2027	
JP Morgan Mortgage Note	198,448	8.31	October 2016	
LaSalle Note II	161,000	7.79	March 2028	
CIGNA Note	63,500	7.47	December 2002	
Metropolitan Life Note V	38,558	8.49	December 2005	
Northwestern Life Note	26,000	7.66	January 2004	
Woodmen of the World Note	8,500	8.20	April 2009	
Nomura Funding VI Note	8,148	10.07	July 2020	
Mitchell Mortgage Note	6,244	7.00	August 2002	
Rigney Promissory Note	641	8.50	November 2012	
Construction, Acquisition and other obligations for various CRDI projects	25,871	6.5 to 10.0	Nov 02 to Dec 04	Ap
Subtotal/Weighted Average	$1,044,691	7.84%		
UNSECURED FIXED RATE DEBT:				
Notes due 2007	$ 250,000	7.50%	September 2007	
Notes due 2002	150,000	7.00	September 2002	
Other obligations	541	8.0 to 12.0	Nov 02 to Jan 04	N
Subtotal/Weighted Average	$ 400,541	7.32%		
SECURED VARIABLE RATE DEBT:				
Fleet Fund I and II Term Loan	$ 275,000	5.17%	May 2005	
Deutsche Bank - CMBS Loan	220,000	5.84	May 2004	
National Bank of Arizona	21,110	5.11	November 2003	
Construction, Acquisition and other obligations for various CRDI projects	126,265	4.40 to 5.75	June 02 to Sept 03	Jun
Subtotal/Weighted Average	$ 642,375	5.27%		
UNSECURED VARIABLE RATE DEBT:				
Fleet Facility	$ 400,000	3.76%	May 2004	
JP Morgan Loan Sales Facility	50,000	3.25	April 2002	
Fleet Bridge Loan	50,000	5.62	August 2002	
Subtotal/Weighted Average	$ 500,000	3.77%		
TOTAL/WEIGHTED AVERAGE	$2,587,607	6.55%(5)		

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(1) For more information regarding the terms of the Company's debt financing arrangements, including the amounts payable at maturity for non-amortizing loans, properties securing the Company's secured debt and the method of calculation of the interest rate for the Company's variable-rate debt, see "Note 8. Notes Payable and Borrowings under Fleet Facility" included in "Item 1. Financial Statements."

(2) This facility has two one-year extension options.

(3) This facility has a one-year extension option.

(4) This expected payoff date includes extension options.

(5) The overall weighted average interest rate does not include the effect of the Company's cash flow hedge agreements. Including the effect of these agreements, the overall weighted average interest rate would have been 7.39%.

Below are the aggregate principal payments required as of March 31, 2002 under indebtedness of the Company by year. Scheduled principal installments and amounts due at maturity are included.

(in thousands)	SECURED	UNSECURED	TOTAL(1)
2002	$ 106,573	$ 165,416	$ 271,989
2003	128,849	--	128,849
2004	236,899	334,625	571,524
2005	329,339	--	329,339
2006	347,207	--	347,207
Thereafter	481,475	250,000	731,475
	$1,630,342	$ 750,041	$ 2,380,383

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(1) These amounts do not represent the effect of a one-year extension option of the Fleet Facility and two one-year extension options on the Deutsche Bank - CMBS Loan.

The Company has $272.0 million of secured and unsecured debt due during 2002, consisting primarily of the Cigna Note, the Mitchell Mortgage Note, unsecured short-term borrowings and the 2002 Notes, which are expected to be funded through replacement debt financing.

The Company's policy with regard to the incurrence and maintenance of debt is based on a review and analysis of:

- investment opportunities for which capital is required and the cost of debt in relation to such investment opportunities;
- the type of debt available (secured or unsecured);
- the effect of additional debt on existing coverage ratios;
- the maturity of the proposed debt in relation to maturities of existing debt; and
- exposure to variable-rate debt and alternatives such as interest-rate swaps and cash flow hedges to reduce this exposure.

Debt service coverage ratios for a particular period are generally calculated as net income plus depreciation and amortization, plus interest expense, plus extraordinary or non-recurring losses, minus extraordinary or nonrecurring gains, divided by debt service (including principal and interest payable during the period of calculation). The calculation of the debt service coverage ratio for the Fleet Facility is calculated using the method described above, including certain pro forma adjustments.

Some of the Company's debt restricts its activities, including its ability to pledge assets, create liens, incur additional debt, enter into transactions with affiliates and make some types of payments, issuances of equity and distributions on equity.

Any uncured or unwaived events of default on the Company's loans can trigger an acceleration of payment on the loan in default. In addition, a default by the Company or any of its subsidiaries with respect to any indebtedness in excess of $5.0 million generally will result in a default under the Fleet Facility and the Fleet I and II Term Loan after the notice and cure periods for the other indebtedness have passed. As of March 31, 2002, the Company was in compliance with all of its debt service coverage ratios and other covenants related to its outstanding debt. The Company's debt facilities generally prohibit loan pre-payment for an initial period, allow prepayment with a penalty during a following specified period and allow pre-payment without penalty after the expiration of that period. During the three months ended March 31, 2002, there were no circumstances that would require pre-payment penalties or increased collateral related to the Company's existing debt.

DEBT OFFERING

On April 15, 2002, the Company completed a private offering of $375.0 million in senior, unsecured notes due 2009. The notes bear interest at an annual rate of 9.25% and were issued at 100% of issue price. The notes are callable after April 15, 2006. Interest will be payable in cash on April 15 and October 15 of each year, beginning October 15, 2002. The Company has agreed to register a similar series of notes with the SEC and to effect an exchange offer of the registered notes for the privately placed notes and, in certain cases, to register the notes for resale by their holders. In the event that the exchange offer or resale registration is not completed on or before October 15, 2002, the interest rate on the notes will increase until the exchange offer or resale registration is completed.

The net proceeds from the offering of notes were approximately $366.5 million. Approximately $309.5 million of the proceeds were used to pay down amounts outstanding under the Fleet Facility, and the remaining proceeds were used to pay down $5.0 million of short-term indebtedness and redeem approximately $52.0 million of Class A Units from GMACCM. Borrowings under the revolving line of credit are expected to be used to repay or repurchase from time to time $150.0 million of 7.0% unsecured notes due in September 2002, approximately $52.4 million of which have been repurchased to date. In addition, borrowings under the line of credit are expected to be used to repay a $63.5 million, 7.47% mortgage loan due in December 2002.

INTEREST RATE CAPS

In connection with the closing of the Deutsche Bank-CMBS Loan in May 2001, the Company entered into a LIBOR interest rate cap struck at 7.16% for a

notional amount of $220.0 million, and simultaneously sold a LIBOR interest rate cap with the same terms. Since these instruments do not reduce the Company's net interest rate risk exposure, they do not qualify as hedges and changes to their respective fair values are charged to earnings. As the significant terms of these arrangements are substantially the same, the effects of a revaluation of these instruments are expected to substantially offset each other.

CASH FLOW HEDGES

The Company uses derivative financial instruments to convert a portion of its variable-rate debt to fixed-rate debt and to manage its fixed to variable-rate debt ratio. As of March 31, 2002, the Company had entered into three cash flow hedge agreements, which are accounted for in conformity with SFAS No. 133, as amended by SFAS No. 138.

The following table shows information regarding the Company's cash flow hedge agreements as of March 31, 2002 and interest expense for the three months ended March 31, 2002:

(in millions)

ISSUE DATE	NOTIONAL AMOUNT	MATURITY DATE	REFERENCE RATE	FAIR MARKET VALUE	ADDITIONAL INTEREST EXPE FOR THE THREE ENDED MARCH 31
7/21/99	$ 200.0	9/2/03	6.183 %	$ (8.2)	$ 2.1
5/15/01	200.0	2/3/03	7.11	(7.8)	2.6
4/14/00	100.0	4/18/04	6.76	(5.7)	1.2

The Company has designated its three cash flow hedge agreements as cash flow hedges of LIBOR-based monthly interest payments on a designated pool of variable-rate LIBOR indexed debt that reprices closest to the reset dates of each cash flow hedge agreement. For retrospective effectiveness testing, the Company uses the cumulative dollar offset approach as described in DIG Issue E8. The DIG is a task force designed to assist the FASB in answering questions that companies have resulting from implementation of SFAS No. 133 and SFAS 138. The Company uses the change in variable cash flows method as described in DIG Issue G7 for prospective testing as well as for the actual recording of ineffectiveness, if any. Under this method, the Company will compare the changes in the floating rate portion of each cash flow hedge to the floating rate of the hedged items. The cash flow hedges have been and are expected to remain highly effective. Changes in the fair value of these highly effective hedging instruments are recorded in accumulated other comprehensive income. The effective portion that has been

deferred in accumulated other comprehensive income will be reclassified to earnings as interest expense when the hedged items impact earnings. If a cash flow hedge falls outside 80%-125% effectiveness for a quarter, all changes in the fair value of the cash flow hedge for the quarter will be recognized in earnings during the current period. If it is determined based on prospective testing that it is no longer likely a hedge will be highly effective on a prospective basis, the hedge will no longer be designated as a cash flow hedge and no longer qualify for accounting in conformity with SFAS Nos. 133 and 138.

Over the next twelve months, an estimated $16.3 million to $18.5 million will be reclassified from accumulated other comprehensive income to earnings as interest expense related to the effective portions of the cash flow hedge agreements.

Additionally, CRDI, a consolidated subsidiary of the Company, also uses derivative financial instruments to convert a portion of its variable-rate debt to fixed-rate debt. As of March 31, 2002, CRDI had entered into three cash flow hedge agreements, which are accounted for in conformity with SFAS Nos. 133 and 138.

The following table shows information regarding CRDI's cash flow hedge agreements as of March 31, 2002 and additional capitalized interest for the three months ended March 31, 2002. Capitalized interest is related to debt for projects that are currently under development.

(in thousands)

ISSUE DATE	NOTIONAL AMOUNT	MATURITY DATE	REFERENCE RATE	FAIR MARKET VALUE	CAP FOR END
1/2/01	$ 10,818	11/16/02	8.455 %	$ (388)	
9/4/01	6,650	9/4/03	7.12	(72)	
9/4/01	4,800	9/4/03	7.12	(52)	

CRDI uses the shortcut method described in SFAS No. 133, which eliminates the need to consider ineffectiveness of the hedges, and instead assumes that the hedges are highly effective.

FUNDS FROM OPERATIONS

FFO, as used in this document, means:

- Net Income (Loss) - determined in conformity with GAAP;
- excluding gains (or losses) from sales of depreciable operating property;
- excluding extraordinary items (as defined by GAAP);
- plus depreciation and amortization of real estate assets; and
- after adjustments for unconsolidated partnerships and joint ventures.

The National Association of Real Estate Investment Trusts ("NAREIT") developed FFO as a relative measure of performance and liquidity of an equity REIT to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. The Company considers FFO an appropriate measure of performance for an equity REIT, and for its investment segments. However, FFO:

- does not represent cash generated from operating activities determined in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events that enter into the determination of net income);

- is not necessarily indicative of cash flow available to fund cash needs; and

- should not be considered as an alternative to net income determined in accordance with GAAP as an indication of the Company's operating performance, or to cash flow from operating activities determined in accordance with GAAP as a measure of either liquidity or the Company's ability to make distributions.

The Company has historically distributed an amount less than FFO, primarily due to reserves required for capital expenditures, including leasing costs. The aggregate cash distributions paid to shareholders and unitholders for the three months ended March 31, 2002 and 2001 were $44.3 and $66.7 million, respectively.

An increase or decrease in FFO does not necessarily result in an increase or decrease in aggregate distributions because the Company's Board of Trust Managers is not required to increase distributions on a quarterly basis unless necessary for the Company to maintain REIT status. However, the Company must distribute 90% of its REIT taxable income (as defined in the Code). Therefore, a significant increase in FFO will generally require an increase in distributions to shareholders and unitholders although not necessarily on a proportionate basis.

Accordingly, the Company believes that to facilitate a clear understanding of the consolidated historical operating results of the Company, FFO should be considered in conjunction with the Company's net income and cash flows reported in the consolidated financial statements and notes to the financial statements. However, the Company's measure of FFO may not be comparable to similarly titled measures of other REITs because these REITs may apply the definition of FFO in a different manner than the Company.

STATEMENTS OF FUNDS FROM OPERATIONS
(DOLLARS AND SHARES/UNITS IN THOUSANDS)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2001	2000
Net (loss) income	$ 13,961	$ 31,248
Adjustments to reconcile net (loss) income to funds from operations:		
Depreciation and amortization of real estate assets	32,139	29,495
Gain on rental property sales, net	(3,764)	(1,330)

Cumulative effect of change in accounting principle	10,465	--
Impairment related to real estate assets and assets held for sale	600	2,150
Adjustment for investments in real estate mortgages and equity of unconsolidated companies:		
Office Properties	2,162	2,040
Residential Development Properties	903	2,358
Temperature-Controlled Logistics Properties	5,711	5,606
Other	2,646	--
Unitholder minority interest	2,679	4,069
6 3/4% Series A Preferred Share distributions	(3,375)	(3,375)
Funds from operations(1)	$ 64,127	$ 72,261
Investment Segments:		
Office Segment	$ 80,572	$ 90,153
Resort/Hotel Segment	20,910	15,752
Residential Development Segment	15,561	13,066
Temperature-Controlled Logistics Segment	5,401	8,325
Coporate and other adjustments:		
Interest expense	(42,272)	(47,448)
6 3/4% Series A Preferred Share distributions	(3,375)	(3,375)
Other(2)(3)	(6,278)	1,052
Corporate general & administrative	(6,392)	(5,264)
Funds from operations(1)	$ 64,127	$ 72,261
Basic weighted average shares	104,938	107,377
Diluted weighted average shares/units(4)	118,633	122,973

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(1) To calculate basic funds from operations, deduct Unitholder minority interest.

(2) Includes interest and other income, preferred return paid to GMACCM, other unconsolidated companies, less depreciation and amortization of non-real estate assets and amortization of deferred financing costs.

(3) For purposes of this schedule, the Behavioral Healthcare Properties' financial information has been included in this line item.

(4) See calculations for the amounts presented in the reconciliation following this table.

The following schedule reconciles the Company's basic weighted average shares to the diluted weighted average shares/units presented above:

(SHARES/UNITS IN THOUSANDS)	FOR THE THREE MONTHS ENDED MARCH 31, 2002	2001
Basic weighted average shares:	104,938	107,377
Add: Weighted average units	13,185	13,980
Share and unit options	510	1,616
Diluted weighted average shares/units	118,633	122,973

RECONCILIATION OF FUNDS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES
(DOLLARS IN THOUSANDS)

	FOR THE THREE MONTHS ENDED MARCH 31, 2002	2001
Funds from operations	$ 64,127	$ 72,261
Adjustments:		
Depreciation and amortization of non-real estate assets	1,449	755
Amortization of deferred financing costs	2,320	2,425
Other adjustments related to the behavioral healthcare assets	(600)	1,000
Amortization of capitalized development costs	12,946	--
Minority interest in joint ventures profit and depreciation and amortization	5,718	5,979
Adjustment for investments in real estate mortgages and equity of unconsolidated companies	(11,422)	(10,004)
Change in deferred rent receivable	523	(780)
Change in current assets and liabilities	(43,114)	(48,634)
Change in income taxes - current and deferred	(6,022)	--
Distributions received in excess of earnings from unconsolidated companies	894	--
Equity in earnings in excess of distributions received from unconsolidated companies	(1,617)	(9,327)
6 3/4% Series A Preferred Share distributions	3,375	3,375
Non cash compensation	37	32
Net cash provided by operating activities	$ 28,614	$ 17,082

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OFFICE PROPERTIES

As of March 31, 2002, the Company owned or had an interest in 76 Office Properties located in 26 metropolitan submarkets in six states with an aggregate of approximately 28.4 million net rentable square feet. The Company's Office Properties are located primarily in the Dallas/Fort Worth and Houston, Texas metropolitan areas. As of March 31, 2002, the Company's Office Properties in

Dallas/Fort Worth and Houston represented an aggregate of approximately 78% of its office portfolio based on total net rentable square feet (41% for Dallas/Fort Worth and 37% for Houston).

In pursuit of management's objective to dispose of non-strategic and non-core assets, one of the Company's fully consolidated Office Properties, Cedar Springs Plaza in Dallas, Texas, was disposed of during the three months ended March 31, 2002.

OFFICE PROPERTIES TABLES

The following table shows, as of March 31, 2002, certain information about the Company's Office Properties. In the table below "CBD" means central business district.

STATE, CITY, PROPERTY	NO. OF PROPERTIES	SUBMARKET	YEAR COMPLETED	N REN A (SQ
TEXAS				
DALLAS				
Bank One Center(2)	1	CBD	1987	1,
The Crescent Office Towers	1	Uptown/Turtle Creek	1985	1,
Fountain Place	1	CBD	1986	1,
Trammell Crow Center(3)	1	CBD	1984	1,
Stemmons Place	1	Stemmons Freeway	1983	
Spectrum Center(4)	1	Far North Dallas	1983	
Waterside Commons	1	Las Colinas	1986	
125 E. John Carpenter Freeway	1	Las Colinas	1982	
Reverchon Plaza	1	Uptown/Turtle Creek	1985	
The Aberdeen	1	Far North Dallas	1986	
MacArthur Center I & II	1	Las Colinas	1982/1986	
Stanford Corporate Centre	1	Far North Dallas	1985	
12404 Park Central	1	LBJ Freeway	1987	
Palisades Central II	1	Richardson/Plano	1985	
3333 Lee Parkway	1	Uptown/Turtle Creek	1983	
Liberty Plaza I & II	1	Far North Dallas	1981/1986	
The Addison	1	Far North Dallas	1981	
Palisades Central I	1	Richardson/Plano	1980	
Greenway II	1	Richardson/Plano	1985	
Greenway I & IA	2	Richardson/Plano	1983	
Addison Tower	1	Far North Dallas	1987	
5050 Quorum	1	Far North Dallas	1981	
Las Colinas Plaza	1	Las Colinas	1987	
Crescent Atrium Retail	1	Uptown/Turtle Creek	1985	
Subtotal/Weighted Average	25			10,

STATE, CITY, PROPERTY	NO. OF PROPERTIES	SUBMARKET	YEAR COMPLETED	
FORT WORTH				
Carter Burgess Plaza	1	CBD	1982	
HOUSTON				
Greenway Plaza Office Portfolio	10	Richmond-Buffalo Speedway	1969-1982	4,
Houston Center	3	CBD	1974-1983	2,
Post Oak Central	3	West Loop/Galleria	1974-1981	1,
The Woodlands Office Properties(5)	8	The Woodlands	1980-1996	
Four Westlake Park(6)	1	Katy Freeway	1992	
Three Westlake Park	1	Katy Freeway	1983	
1800 West Loop South	1	West Loop/Galleria	1982	
The Park Shops	1	CBD	1983	
Subtotal/Weighted Average	28			10,

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STATE, CITY, PROPERTY	NO. OF PROPERTIES	SUBMARKET	YEAR COMPLETED	NE RENT YE (SQ.
AUSTIN				
Frost Bank Plaza	1	CBD	1984	4
301 Congress Avenue(7)	1	CBD	1986	4
Bank One Tower(6)	1	CBD	1974	3
Austin Centre	1	CBD	1986	3
The Avallon I; II; III; IV; V	3	Northwest	1993/1997/2001	3
Barton Oaks Plaza One	1	Southwest	1986	
Subtotal/Weighted Average	8			2,0
COLORADO				
DENVER				
MCI Tower	1	CBD	1982	5
Ptarmigan Place	1	Cherry Creek	1984	4
Regency Plaza One	1	Denver Technology Center	1985	3
55 Madison	1	Cherry Creek	1982	1
The Citadel	1	Cherry Creek	1987	1
44 Cook	1	Cherry Creek	1984	1
Subtotal/Weighted Average	6			1,6

COLORADO SPRINGS				
Briargate Office and and Research Center	1	Colorado Springs	1988	2
FLORIDA				
MIAMI				
Miami Center	1	CBD	1983	7
Datran Center	2	South Dade/Kendall	1986/1988	4
Subtotal/Weighted Average	3			1,2
ARIZONA				
PHOENIX				
Two Renaissance Square	1	Downtown/CBD	1990	4
6225 North 24th Street	1	Camelback Corridor	1981	
Subtotal/Weighted Average	2			5
NEW MEXICO				
ALBUQUERQUE				
Albuquerque Plaza	1	CBD	1990	3
CALIFORNIA				
SAN DIEGO				
Chancellor Park(8)	1	University Town Center	1988	1
TOTAL/WEIGHTED AVERAGE	76			28,3

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(1) Calculated based on base rent payable as of March 31, 2002, without giving effect to free rent or scheduled rent increases that would be taken into account under GAAP and including adjustments for expenses payable by or reimbursable from customers.

(2) The Company has a 49.5% limited partner interest and a 0.5% general partner interest in the partnership that owns Bank One Center.

(3) The Company owns the principal economic interest in Trammell Crow Center through its ownership of fee simple title to the Property (subject to a ground lease and a leasehold estate regarding the building) and two mortgage notes encumbering the leasehold interests in the land and building.

(4) The Company owns the principal economic interest in Spectrum Center through an interest in Crescent Spectrum Center, L.P. which owns both the mortgage notes secured by Spectrum Center and the ground lessor's interest in the land underlying the office building.

(5) The Company has a 75% limited partner interest and an approximate 10%

indirect general partner interest in the partnership that owns the eight Office Properties that comprise The Woodlands Office Properties.

(6) The Company has a 0.1% general partner interest and a 19.9% limited partner interest in the partnerships that own Four Westlake Park and Bank One Tower.

(7) The Company has a 1% general partner interest and a 49% limited partner interest in the partnership that owns 301 Congress Avenue.

(8) The Company owns Chancellor Park through its ownership of a mortgage note secured by the building and through its direct and indirect interests in the partnership, which owns the building.

(9) Leases have been executed at certain Office Properties but had not commenced as of March 31, 2002. If such leases had commenced as of March 31, 2002, the percent leased for all Office Properties would have been 91%. The total percent leased for these Properties would have been as follows: Carter Burgess Plaza - 96%; The Woodlands Office Properties - 92%; The Citadel - 100%; Avallon - 100%; and Briargate Office and Research Center - 73%.

(10) The weighted average full-service rental rate per square foot calculated based on base rent payable for Company Office Properties as of March 31, 2002, giving effect to free rent and scheduled rent increases that would be taken into consideration under GAAP and including adjustments for expenses payable by or reimbursed from customers is $22.94.

The following table provides information, as of March 31, 2002, for the Company's Office Properties by state, city and submarket.

STATE, CITY, SUBMARKET	NUMBER OF PROPERTIES	TOTAL COMPANY NRA(1)	PERCENT OF TOTAL COMPANY NRA(1)	PERCENT LEASED AT COMPANY OFFICE PROPERTIES	OFFICE SUBMARKET PERCENT LEASED/ OCCUPIED(2)	COMPANY SHARE OF OFFICE SUBMARKET NRA(1)(2)

CLASS A OFFICE PROPERTIES						
TEXAS						
DALLAS						
CBD	3	3,859,554	13%	88%	85%	21%
Uptown/Turtle Creek	4	1,907,230	7	84	86	32
Far North Dallas	7	1,907,765	7	89	79	14
Las Colinas	4	1,338,051	5	92	82	10
Richardson/Plano	5	719,267	2	99	90	13
Stemmons Freeway	1	634,381	2	88	88	26
LBJ Freeway	1	239,103	1	100	75	3
Subtotal/Weighted Average	25	10,605,351	37%	89%	82%	15%
FORT WORTH						
CBD	1	954,895	3%	88%(6)	96%	26%
HOUSTON						
CBD	4	2,955,146	10%	95%(6)	93%	13%
Richmond-Buffalo Speedway	7	3,674,888	13	94	92	72
West Loop/Galleria	4	1,679,536	6	81	85	11
Katy Freeway	2	975,857	3	98	93	14
The Woodlands(6)	6	427,364	2	87	87	30
Subtotal/Weighted Average	23	9,712,791	34%	92%	90%	19%
AUSTIN						
CBD	4	1,584,529	6%	90%	85%	30%
Northwest	3	318,217	1	87(6)	81	5
Southwest	1	98,955	--	100	97	3
Subtotal/Weighted Average	8	2,001,701	7%	90%	86%	13%
COLORADO						
DENVER						
Cherry Creek	4	810,632	3%	96%	N/A(8)	N/A(
CBD	1	550,805	2	58	N/A(8)	N/A(
Denver Technology Center	1	309,862	1	91	N/A(8)	N/A(
Subtotal/Weighted Average	6	1,671,299	6%	83%	N/A(8)	N/A(
COLORADO SPRINGS						
Colorado Springs(6)	1	258,766	1%	64%	86%	5%
FLORIDA						
MIAMI						
CBD	1	782,211	3%	95%	95%	25%
South Dade/Kendall	2	476,412	2	93	81	79
Subtotal/Weighted Average	3	1,258,623	5%	94%	93%	34%

STATE, CITY, SUBMARKET	NUMBER OF PROPERTIES	TOTAL COMPANY NRA(1)	PERCENT OF TOTAL COMPANY NRA(1)	PERCENT LEASED AT COMPANY OFFICE PROPERTIES	OFFICE SUBMARKET PERCENT LEASED/ OCCUPIED(2)	COMPANY SHARE OF OFFICE SUBMARKET NRA(1)(2)
ARIZONA						
PHOENIX						
Downtown/CBD	1	476,373	2%	99%	87%	18%
Camelback Corridor	1	86,451	--	34	81	2
Subtotal/Weighted Average	2	562,824	2%	89%	83%	8%

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STATE, CITY, SUBMARKET	NUMBER OF PROPERTIES	TOTAL COMPANY NRA(1)	PERCENT OF TOTAL COMPANY NRA(1)	PERCENT LEASED AT COMPANY OFFICE PROPERTIES	OFFICE SUBMARKET PERCENT LEASED/ OCCUPIED(2)	COMPANY SHARE OF OFFICE SUBMARKET NRA(1)(2)
NEW MEXICO						
ALBUQUERQUE						
CBD	1	366,236	1%	85%	89%	64%
CALIFORNIA						
SAN DIEGO						
University Town Center	1	195,733	1%	81%	83%	6%
CLASS A OFFICE PROPERTIES SUBTOTAL/WEIGHTED AVERAGE	71	27,588,219	97%	90%	86(9)	16(
CLASS B OFFICE PROPERTIES						
TEXAS						
HOUSTON						
Richmond-Buffalo Speedway	3	673,164	2%	81%	85%	24%
The Woodlands	2	134,625	1%	98%	67%	9%
Subtotal/Weighted Average	5	807,789	3%	84%	79%	19%
CLASS B OFFICE PROPERTIES SUBTOTAL/WEIGHTED AVERAGE	5	807,789	3%	84%	79%	19%

CLASS A AND CLASS B OFFICE PROPERTIES TOTAL/WEIGHTED AVERAGE	76	28,396,008	100%	89%	86%	16%

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(1) NRA means net rentable area in square feet.

(2) Market information is for Class A office space under the caption "Class A Office Properties" and market information is for Class B office space under the caption "Class B Office Properties." Sources are CoStar Group (for the Dallas CBD, Uptown/Turtle Creek, Far North Dallas, Las Colinas, Richardson/Plano, Stemmons Freeway, LBJ Freeway, Fort Worth CBD, Houston Richmond-Buffalo Speedway, Houston CBD, West Loop/Galleria, and Katy Freeway submarkets), The Woodlands Operating Company, L.P. (for The Woodlands submarket), CoStar Group (for the Austin CBD, Northwest and Southwest submarkets), Turner Commercial Research (for the Colorado Springs market), Grubb and Ellis Company (for the Phoenix Downtown/CBD and Camelback Corridor), Building Interests, Inc. (for the Albuquerque CBD submarket), RealData Information Systems, Inc. (for the Miami CBD and South Dade/Kendall submarkets) and John Burnham & Company (for the San Diego University Town Centre submarket). This table includes market information as of December 31, 2001, except for the Dallas, Houston, and Austin markets, for which market information is as of March 31, 2002.

(3) Represents full-service quoted market rental rates. These rates do not necessarily represent the amounts at which available space at the Office Properties will be leased. The weighted average subtotals and total are based on total net rentable square feet of Company Office Properties in the submarket.

(4) Represents weighted average rental rates per square foot quoted by the Company, based on total net rentable square feet of Company Office Properties in the submarket, adjusted, if necessary, based on management estimates, to equivalent full-service quoted rental rates to facilitate comparison to weighted average Class A or Class B, as the case may be, quoted submarket full-service rental rates per square foot. These rates do not necessarily represent the amounts at which available space at the Company's Office Properties will be leased.

(5) Calculated based on base rent payable for Company Office Properties in the submarket, without giving effect to free rent or scheduled rent increases that would be taken into account under GAAP and including adjustments for expenses payable by or reimbursed from customers, divided by total net rentable square feet of Company Office Properties in the submarket.

(6) Leases have been executed at certain Office Properties in these submarkets but had not commenced as of March 31, 2002. If such leases had commenced as of March 31, 2002, the percent leased for all Office Properties in the Company's submarkets would have been 91%. The total percent leased for these Class A Company submarkets would have been as follows: Fort Worth CBD - 96%; The Woodlands CBD - 90%; Austin Northwest - 100%; and Colorado Springs - 73%.

(8) This information is not publicly available for the Denver submarkets.

(9) Includes weighted average amounts for the Denver submarket. These amounts were calculated by management based on information from third-party sources.

(10) The weighted average full-service rental rate per square foot calculated based on base rent payable for Company Office Properties, giving effect to free rent and scheduled rent increases that would be taken into consideration under GAAP and including adjustments for expenses payable by or reimbursed from customers is $22.94.

The following table shows, as of March 31, 2002, the principal businesses conducted by the customers at the Company's Office Properties, based on information supplied to the Company from the customers.

Industry Sector	Percent of Leased Sq. Ft.
Professional Services(1)	28%
Energy(2)	20
Financial Services(3)	19
Telecommunications	8
Technology	7
Manufacturing	3
Food Service	3
Government	3
Retail	2
Medical	2
Other(4)	5
TOTAL LEASED	100%

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(1) Includes legal, accounting, engineering, architectural and advertising services.

(2) Includes oil and gas and utility companies.

(3) Includes banking, title and insurance and investment services.

(4) Includes construction, real estate, transportation and other industries.

AGGREGATE LEASE EXPIRATIONS OF OFFICE PROPERTIES

The following tables show schedules of lease expirations for leases in place as of March 31, 2002, for the Company's total Office Properties and for Dallas, Houston and Austin, Texas, and Denver, Colorado, individually, for each

of the 10 years beginning with 2002, assuming that none of the customers exercises or has exercised renewal options.

TOTAL OFFICE PROPERTIES

YEAR OF LEASE EXPIRATION	NUMBER OF TENANTS WITH EXPIRING LEASES	NET RENTABLE AREA REPRESENTED BY EXPIRING LEASES (SQUARE FEET)	PERCENTAGE OF LEASED NET RENTABLE AREA REPRESENTED BY EXPIRING LEASES	ANNUAL FULL-SERVICE RENT UNDER EXPIRING LEASES(1)	P A SE R B
2002	394	2,577,324	10.3%	$ 59,410,853	
2003	348	3,615,775	14.5	79,964,983	
2004	301	4,433,957	17.8	104,077,202	
2005	254	3,459,198	13.9	81,906,370	
2006	181	2,528,040	10.1	62,530,873	
2007	107	2,449,426	9.8	58,150,704	
2008	40	975,589	3.9	24,018,606	
2009	29	837,061	3.4	21,896,250	
2010	30	1,475,764	5.9	41,033,851	
2011	29	893,423	3.6	23,612,424	
2012 and thereafter	22	1,704,000	6.8	42,507,437	
	1,735	24,949,557(2)	100.0%	$ 599,109,553	

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(1) Calculated based on base rent payable under the lease for net rentable square feet expiring, without giving effect to free rent or scheduled rent increases that would be taken into account under GAAP and including adjustments for expenses payable by or reimbursable from customers based on current expense levels.

(2) Reconciliation to the Company's total Office Property net rentable area is as follows:

	SQUARE FEET	PERCENTAGE OF TOTAL

Square footage leased to tenants	24,949,557	87.8%
Square footage reflecting management offices, building use, and remeasurement adjustments	443,407	1.6
Square footage vacant	3,003,044	10.6
Total net rentable square footage	28,396,008	100.0%

DALLAS OFFICE PROPERTIES

YEAR OF LEASE EXPIRATION	NUMBER OF TENANTS WITH EXPIRING LEASES	NET RENTABLE AREA REPRESENTED BY EXPIRING LEASES (SQUARE FEET)	PERCENTAGE OF LEASED NET RENTABLE AREA REPRESENTED BY EXPIRING LEASES	ANNUAL FULL-SERVICE RENT UNDER EXPIRING LEASES(1)	PE T ANN SER REP BY
2002	112	963,551	10.3%	$ 25,269,539	
2003	95	1,353,714	14.5	30,789,005	
2004	93	1,235,417	13.2	32,644,202	
2005	98	1,852,072	19.8	42,231,484	
2006	44	698,120	7.5	18,018,493	
2007	36	1,135,780	12.2	27,973,448	
2008	13	502,886	5.3	13,193,519	
2009	7	391,413	4.2	10,146,844	
2010	13	702,805	7.5	20,913,764	
2011	7	251,030	2.7	6,997,487	
2012 and thereafter	3	259,950	2.8	3,705,025	
	521	9,346,738	100.0%	$ 231,882,810	

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(1) Calculated based on base rent payable under the lease for net rentable square feet expiring, without giving effect to free rent or scheduled rent increases that would be taken into account under GAAP and including adjustments for expenses payable by or reimbursable from customers based on current expense levels.

HOUSTON OFFICE PROPERTIES

NET RENTABLE AREA	PERCENTAGE OF LEASED NET	ANNUAL	PE AN

YEAR OF LEASE EXPIRATION	NUMBER OF TENANTS WITH EXPIRING LEASES	REPRESENTED BY EXPIRING LEASES (SQUARE FEET)	RENTABLE AREA REPRESENTED BY EXPIRING LEASES	FULL-SERVICE RENT UNDER EXPIRING LEASES(1)	SE RE BY
2002	162	1,071,097	11.3%	$ 21,828,513	
2003	133	1,237,976	13.1	25,966,481	
2004	124	2,143,238	22.6	44,922,165	
2005	80	615,161	6.5	13,996,565	
2006	62	1,108,522	11.7	25,230,994	
2007	39	967,783	10.2	21,373,600	
2008	12	328,070	3.5	6,841,747	
2009	8	87,434	0.9	2,166,798	
2010	10	584,971	6.2	14,487,400	
2011	13	534,394	5.6	12,690,338	
2012 and thereafter	5	792,124	8.4	24,690,780	
	648	9,470,770	100.0%	$ 214,195,381	

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(1) Calculated based on base rent payable under the lease for net rentable square feet expiring, without giving effect to free rent or scheduled rent increases that would be taken into account under GAAP and including adjustments for expenses payable by or reimbursable from customers based on current expense levels.

AUSTIN OFFICE PROPERTIES

YEAR OF LEASE EXPIRATION	NUMBER OF TENANTS WITH EXPIRING LEASES	NET RENTABLE AREA REPRESENTED BY EXPIRING LEASES (SQUARE FEET)	PERCENTAGE OF LEASED NET RENTABLE AREA REPRESENTED BY EXPIRING LEASES	ANNUAL FULL-SERVICE RENT UNDER EXPIRING LEASES(1)	P A S
2002	27	106,664	6.2%	$ 2,885,611	
2003	31	245,621	14.3	6,302,573	
2004	16	346,464	20.1	8,601,907	
2005	24	531,494	30.9	14,145,259	
2006	16	318,543	18.5	9,316,294	
2007	9	58,713	3.4	1,678,589	
2008	3	49,094	2.9	1,527,704	
2009	2	27,193	1.6	756,076	
2010	--	--	--	--	
2011	2	3,773	0.2	148,601	
2012 and thereafter	1	33,315	1.9	828,777	
	131	1,720,874	100.0%	$ 46,191,391	

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(1) Calculated based on base rent payable under the lease for net rentable square feet expiring, without giving effect to free rent or scheduled rent increases that would be taken into account under GAAP and including adjustments for expenses payable by or reimbursable from customers based on current expense levels.

DENVER OFFICE PROPERTIES

YEAR OF LEASE EXPIRATION	NUMBER OF TENANTS WITH EXPIRING LEASES	NET RENTABLE AREA REPRESENTED BY EXPIRING LEASES (SQUARE FEET)	PERCENTAGE OF LEASED NET RENTABLE AREA REPRESENTED BY EXPIRING LEASES	ANNUAL FULL-SERVICE RENT UNDER EXPIRING LEASES(1)	P A S
2002	28	160,663	11.8%	$ 3,368,323	
2003	37	478,282	35.2	10,307,777	
2004	17	198,332	14.6	4,446,357	
2005	16	186,737	13.8	4,561,515	
2006	10	71,586	5.3	1,822,788	
2007	6	69,123	5.1	1,730,063	
2008	2	25,017	1.8	714,038	
2009	6	145,971	10.7	3,882,300	
2010	2	7,611	0.6	187,809	
2011	1	2,478	0.2	52,038	
2012 and thereafter	1	12,071	0.9	307,811	
	126	1,357,871	100.0%	$ 31,380,819	

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(1) Calculated based on base rent payable under the lease for net rentable square feet expiring, without giving effect to free rent or scheduled rent increases that would be taken into account under GAAP and including adjustments for expenses payable by or reimbursable from customers based on current expense levels.

RESORT/HOTEL PROPERTIES

The following table shows certain information for the three months ended March 31, 2002, and 2001, with respect to the Company's Resort/Hotel Properties. The information for the Resort/Hotel Properties is based on available rooms, except for Canyon Ranch-Tucson and Canyon Ranch-Lenox, which measure their performance based on available guest nights.

				FOR	
				AVERAGE OCCUPANCY RATE	
RESORT/HOTEL PROPERTY(1)	LOCATION	YEAR COMPLETED/ RENOVATED	ROOMS	2002	2001
UPSCALE BUSINESS CLASS HOTELS:					
Denver Marriott City Center	Denver, CO	1982/1994	613	66%	7
Hyatt Regency Albuquerque	Albuquerque, NM	1990	395	62	7
Omni Austin Hotel	Austin, TX	1986	375	68	7
Renaissance Houston Hotel	Houston, TX	1975/2000	388	66	6
TOTAL/WEIGHTED AVERAGE			1,771	65%	7
LUXURY RESORTS AND SPAS:					
Park Hyatt Beaver Creek Resort and Spa	Avon, CO	1989	275	81%	8
Sonoma Mission Inn & Spa	Sonoma, CA	1927/1987/1997	228	46	5
Ventana Inn & Spa	Big Sur, CA	1975/1982/1988	62	66	6
TOTAL/WEIGHTED AVERAGE			565	65%	7
DESTINATION FITNESS RESORTS AND SPAS:			GUEST NIGHTS		
Canyon Ranch-Tucson	Tucson, AZ	1980	259(2)		
Canyon Ranch-Lenox	Lenox, MA	1989	212(2)		
TOTAL/WEIGHTED AVERAGE			471	86%	8
LUXURY AND DESTINATION FITNESS RESORTS COMBINED				75%	7
GRAND TOTAL/WEIGHTED AVERAGE FOR RESORT/HOTEL PROPERTIES				69%	7

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(1) As of December 31, 2001, the Company had leased all of the Resort/Hotel Properties, except the Omni Austin Hotel, to subsidiaries of COPI. As of December 31, 2001, the Omni Austin Hotel was leased pursuant to a separate lease to HCD Austin Corporation. On February 14, 2002, the Company executed an agreement with COPI, pursuant to which COPI transferred to subsidiaries of the Company, in lieu of foreclosure, COPI's lessee interests in the eight Resort/Hotel Properties.

(2) Represents available guest nights, which is the maximum number of guests that the resort can accommodate per night.

RESIDENTIAL DEVELOPMENT PROPERTIES

The following table shows certain information as of March 31, 2002, relating to the Residential Development Properties.

RESIDENTIAL DEVELOPMENT CORPORATION	DEVELOPMENT PROPERTIES (RDP)	TYPE OF RDP(3)	LOCATION	RESIDENTIAL DEVELOPMENT CORPORATION'S OWNERSHIP %	TOTAL LOTS/ UNITS PLANNED	TOTAL LOTS/UNI DEVELOPE SINCE INCEPTIO
Desert Mountain Development Corporation(1)	Desert Mountain	SF	Scottsdale, AZ	93.0%	2,665	2,352
The Woodlands Land Company, Inc.(1)	The Woodlands	SF	The Woodlands, TX	42.5%(9)	37,554	26,146
Crescent Resort Development, Inc.(1)	Bear Paw Lodge	CO	Avon, CO	60.0%	53(7)	53
	Eagle Ranch	SF	Eagle, CO	60.0%	1,100(7)	405
	Main Street Junction	CO	Breckenridge, CO	30.0%	36(7)	36
	Main Street Station	CO	Breckenridge, CO	30.0%	82(7)	82
	Main Street Station Vacation Club	TS	Breckenridge, CO	30.0%	42	42
	Riverbend	SF	Charlotte, NC	60.0%	650	161
	Three Peaks (Eagle's Nest)	SF	Silverthorne, CO	30.0%	391	253

	Park Place at Riverfront	CO	Denver, CO	64.0%	70(7)	70
	Park Tower at Riverfront	CO	Denver, CO	64.0%	61(7)	61
	Promenade Lofts at Riverfront	CO	Denver, CO	64.0%	66	66
	Cresta	TH/SFH	Edwards, CO	60.0%	25(7)	19
	Snow Cloud	CO	Avon, CO	64.0%	54(7)	26
	One Vendue Range	CO	Charleston, SC	62.0%	49(7)	--
	Old Greenwood	SF/TS	Truckee, CA	86.5%	249	--
	Tahoe Mountain Resorts	(7)	Tahoe, CA		--(8)	--
TOTAL CRESCENT RESORT DEVELOPMENT, INC.					2,928	1,274
Mira Vista Development Corp.(2)	Mira Vista	SF	Fort Worth, TX	100.0%	740	740
	The Highlands	SF	Breckenridge, CO	12.3%	750	480
TOTAL MIRA VISTA DEVELOPMENT CORP.					1,490	1,220
Houston Area Development Corp.(2)	Falcon Point	SF	Houston, TX	100.0%	510	364
	Falcon Landing	SF	Houston, TX	100.0%	623	566
	Spring Lakes	SF	Houston, TX	100.0%	520	338
TOTAL HOUSTON AREA DEVELOPMENT CORP.					1,653	1,268
TOTAL					46,290	32,260

RESIDENTIAL DEVELOPMENT CORPORATION	DEVELOPMENT PROPERTIES (RDP)	TYPE OF RDP(3)	LOCATION	TOTAL LOTS/UNITS CLOSED SINCE INCEPTION	AVERAGE CLOSED SALE PRICE PER LOT/ UNIT($)(4)	R P /U
Desert Mountain Development Corporation(1)	Desert Mountain	SF	Scottsdale, AZ	2,214	518,000	400,000
The Woodlands Land Company, Inc.(1)	The Woodlands	SF	The Woodlands, TX	24,699	57,000	16,000
Crescent Resort Development, Inc.(1)	Bear Paw Lodge	CO	Avon, CO	52	1,450,000	665,000
	Eagle Ranch	SF	Eagle, CO	351	105,000	80,000
	Main Street Junction	CO	Breckenridge, CO	28	467,000	300,000
	Main Street Station	CO	Breckenridge, CO	68	498,000	215,000
	Main Street Station Vacation Club	TS	Breckenridge, CO	16	1,099,000	380,000

	Riverbend	SF	Charlotte, NC	161	30,000	25,000
	Three Peaks (Eagle's Nest)	SF	Silverthorne, CO	176	253,000	135,000
	Park Place at Riverfront	CO	Denver, CO	60	417,000	195,000
	Park Tower at Riverfront	CO	Denver, CO	35	561,000	180,000
	Promenade Lofts at Riverfront	CO	Denver, CO	51	410,000	180,000
	Cresta	TH/SFH	Edwards, CO	16	1,885,000	1,900,000
	Snow Cloud	CO	Avon, CO	23	1,721,000	840,000
	One Vendue Range	CO	Charleston, SC	--	N/A	450,000
	Old Greenwood	SF/TS	Truckee, CA	--	N/A	N/A
	Tahoe Mountain Resorts	(7)	Tahoe, CA	--(8)	N/A	N/A
TOTAL CRESCENT RESORT DEVELOPMENT, INC.				1,037		
Mira Vista Development Corp.(2)	Mira Vista	SF	Fort Worth, TX	697	99,000	50,000
	The Highlands	SF	Breckenridge, CO	442	193,000	55,000
TOTAL MIRA VISTA DEVELOPMENT CORP.				1,139		
Houston Area Development Corp.(2)	Falcon Point	SF	Houston, TX	312	42,000	28,000
	Falcon Landing	SF	Houston, TX	509	21,000	22,000
	Spring Lakes	SF	Houston, TX	283	31,000	35,000
TOTAL HOUSTON AREA DEVELOPMENT CORP.				1,104		
TOTAL				30,193		

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(1) On February 14, 2002, the Company executed an agreement with COPI, pursuant to which COPI transferred to subsidiaries of the Company, in lieu of foreclosure, COPI's interest in DMDC, TWLC and CRDI resulting in ownership interests of 100%, 100% and approximately 96%, respectively.

(2) The Company has an approximately 94% ownership interest in each of MVDC and HADC through ownership of non-voting common stock.

(3) SF (Single-Family Lots); CO (Condominium:; TH (Townhome); SFH (Single Family Homes) and TS (Timeshare Equivalent Units).

(4) Based on lots/units closed during the Company's ownership period.

(5) Based on existing inventory of developed lots and lots to be developed.

(6) Includes golf membership, which as of March 31, 2002, is $225,000.

(7) As of March 31, 2002, one unit was under contract at Bear Paw Lodge representing $1.6 million in sales; 11 lots were under contract at Eagle Ranch representing $1.6 million in sales; one unit was under contract at Main Street Junction representing $0.4 million in sales; seven units were under contract at Main Street Station representing $3.0 million in sales; one unit was under contract at Park Place at Riverfront representing $.7

million in sales; six units were under contract at Park Tower at Riverfront representing $7.2 million in sales; one unit was under contract at Cresta representing $1.8 million in sales; 22 units were under contract at Snow Cloud representing $39.0 million in sales and 41 units were under contract at One Vendue Range representing $47.9 million in sales.

(8) This project is in the early stages of development, and this information is not available as of March 31, 2002.

(9) Distributions are made to partners based on specified payout percentages. During the three months ended March 31, 2002, the payout percentage to the Company was 52.5%.

TEMPERATURE-CONTROLLED LOGISTICS PROPERTIES

The following table shows the number and aggregate size of Temperature-Controlled Logistics Properties by state as of March 31, 2002:

STATE	NUMBER OF PROPERTIES(1)	TOTAL CUBIC FOOTAGE (IN MILLIONS)	TOTAL SQUARE FEET (IN MILLIONS)	STATE	NUMBER OF PROPERTIES(1)
Alabama	4	10.7	0.3	Missouri(2)	2
Arizona	1	2.9	0.1	Nebraska	2
Arkansas	6	33.1	1.0	New York	1
California	9	28.6	1.1	North Carolina	3
Colorado	1	2.8	0.1	Ohio	1
Florida	5	7.5	0.3	Oklahoma	2
Georgia	8	49.5	1.7	Oregon	6
Idaho	2	18.7	0.8	Pennsylvania	2
Illinois	2	11.6	0.4	South Carolina	1
Indiana	1	9.1	0.3	South Dakota	1
Iowa	2	12.5	0.5	Tennessee	3
Kansas	2	5.0	0.2	Texas	2
Kentucky	1	2.7	0.1	Utah	1
Maine	1	1.8	0.2	Virginia	2
Massachusetts	5	10.5	0.5	Washington	6
Mississippi	1	4.7	0.2	Wisconsin	3
				TOTAL	89(3)

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(1) As of March 31, 2002, the Company held a 40% interest in the Temperature-Controlled Logistics Partnership, which owns the Temperature-Controlled Logistics Corporation, which directly or indirectly

owns the 89 Temperature-Controlled Logistics Properties. The business operations associated with the Temperature-Controlled Logistics Properties are owned by AmeriCold Logistics, in which the Company has no interest. The Temperature-Controlled Logistics Corporation is entitled to receive lease payments from AmeriCold Logistics.

(2) Includes an underground storage facility, with approximately 33.1 million cubic feet.

(3) As of March 31, 2002, AmeriCold Logistics operated 100 temperature-controlled logistics properties with an aggregate of approximately 524.6 million cubic feet (20.2 million square feet).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CRESCENT REAL ESTATE EQUITIES COMPANY
(Registrant)

By /s/ John C. Goff

John C. Goff
Vice Chairman of the Board and Chief Executive Officer

Date: October 22, 2002

By /s/ Jerry R. Crenshaw, Jr

Jerry R. Crenshaw, Jr.
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: October 22, 2002

CERTIFICATIONS

I, John C. Goff, the Chief Executive Officer of Crescent Real Estate Equities Company, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q/A;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.(1)

Date: October 22, 2002

/s/ John C. Goff

Name: John C. Goff
Title: Chief Executive Officer

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(1) The certifications required by Form 10-Q have been modified as set forth above in accordance with the Securities and Exchange Commission's ("SEC's") transition provisions governing certifications of amended periodic reports for periods ending prior to the effective date of the SEC's certification rules. See SEC Final Rule, Certification of Disclosure in Companies' Quarterly and Annual Reports, Section V, Transition Provisions, 67 Fed. Reg. 57276, 57283 (Sept. 9, 2002).

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CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, John C. Goff, the Chief Executive Officer of Crescent Real Estate Equities Company (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q/A for the period ending March 31, 2002 (the "Report"). The undersigned hereby certifies that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 22, 2002

/s/ John C. Goff

Name: John C. Goff
Title: Chief Executive Officer

CERTIFICATIONS

I, Jerry R. Crenshaw, Jr., the Senior Vice President and Chief Financial and Accounting Officer of Crescent Real Estate Equities Company, hereby certify that:

1. I have reviewed this quarterly report on Form 10-Q/A;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.(1)

Date: October 22, 2002

/s/ Jerry R. Crenshaw, Jr.

Name: Jerry R. Crenshaw, Jr.
Title: Senior Vice President and Chief Financial and Accounting Officer

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(1) The certifications required by Form 10-Q have been modified as set forth above in accordance with the Securities and Exchange Commission's ("SEC's") transition provisions governing certifications of amended periodic reports for periods ending prior to the effective date of the SEC's certification rules. See SEC Final Rule, Certification of Disclosure in Companies' Quarterly and Annual Reports, Section V, Transition Provisions, 67 Fed. Reg. 57276, 57283 (Sept. 9, 2002).

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Jerry R. Crenshaw, Jr., the Senior Vice President and Chief Financial and Accounting Officer of Crescent Real Estate Equities Company (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q/A for the period ending March 31, 2002 (the "Report"). The undersigned hereby certifies that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 22, 2002

/s/ Jerry R. Crenshaw, Jr.

Name: Jerry R. Crenshaw, Jr.
Title: Senior Vice President and Chief Financial and Accounting Officer